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Past, Present Leaders Involved in Yangpu

OW1808224192 Beijing XINHUA Domestic Service
in Chinese 1103 GMT 18 Aug 92

["Newsletter" by RENMIN RIBAO reporter Bao Hongjun (7637 3163 0193) and XINHUA reporters Tian Chuan (3944 1557) and Zhou Changxin (0719 7022 2450): "An Account of the Policymaking Process Involved in the Development of Yangpu"]

[Excerpts] Haikou, 18 August (XINHUA)—A contract was officially signed today to transfer 30 square km [sq km] of land in the Yangpu Economic Development District. The focus of attention at home and abroad, the signing marked the eventual laying of the "cornerstone" for the largest foreign investment project ever introduced into our country since opening to the outside world.

The curtain was lifted on large-scale construction and development of the Hainan Special Economic Zone [SEZ].

1. Correct policies originate from an accurate understanding of the real world. While making a long-term assessment of China's future, Deng Xiaoping, the chief architect of China's program of reform and openness, said five years ago: "We are in the process of setting up a larger SEZ. This is none other than the Hainan SEZ. If properly developed, Hainan Island will be in great shape." Hainan—China's largest SEZ—was thus born of the mighty spring tide of reform and openness. [passage omitted]

In 1988, the Hainan Provincial Party Committee proposed three ways to develop the Hainan SEZ, which were known as the first, second, and third plans. The first plan called for fully integrating Hainan into the global market by turning it into a special tariff territory. The second plan called for going beyond existing SEZ policies by implementing in several selected areas economic policies that are comparable to those governing "free ports" in foreign countries. These areas would play a leading role in stimulating Hainan's economic development. The third plan called for following the beaten path, which promised neither failure nor rapid progress. After considering the needs of the times and the situation, policymakers in the Hainan SEZ opted for the second plan and chose Yangpu as their primary target. [passage omitted]

2. [passage omitted] The precious land of Yangpu caught the attention of farsighted people long ago. Mr. Sun Yat-sen proposed the construction of the port of Yangpu. During the early 1970's, Premier Zhou Enlai called for building 200 10,000-tonne-class berths throughout the country; the port of Yangpu was on the list. Despite a series of discussions that ran from the 1970's through the mid-1980's, no decision was taken on the development of Yangpu. The matter was referred back and forth between higher and lower authorities, but no ground was broken on the project. The reason was simple: no money was available. According to experts,

200 million yuan would be needed to develop one sq km of barren land and to do simple work on "five components of infrastructure and ground leveling" [electricity, running water, gas, roads, telecommunications, and the leveling of a construction site]. Upwards of 100 billion yuan would be needed to open up several dozen sq km of land, to develop industry, and to construct buildings. For a Hainan which earned only several hundred million yuan in financial revenues, the amount of money needed for these huge investment projects was an astronomical number.

What should we do? Should we let this precious land continue its slumber? Should we continue to let Hainan live on the assistance provided by other parts of the country? Confronted with the historic opportunities arising from reform and openness, policymakers in Hainan were keenly aware that backwardness and poverty would result from a failure to seize those opportunities. Hainan could no longer wait. Taking Hainan's reality into account, the Hainan Provincial Party Committee decided to "induce the bird to build a nest" instead of "building a nest to attract the bird." They worked out the principles for developing Yangpu, which called for "introducing foreign funds, making unified plans, developing extensive tracts of land, and making overall compensation." The principles were known as the "Yangpu Model." Following contacts between various parties, the financially sound Kumagai Gumi (Hong Kong) Limited Company was selected as the general contractor for developing the 30 sq km of land. According to the initial plan, China would exercise centralized jurisdiction over administrative and judicial affairs in the development district, while foreigners would enjoy full management autonomy and complete freedom in moving goods, personnel, and funds into and out of the district. Economic policies such as those applied to "free ports" in foreign countries would be implemented.

Poverty, the mother of change, forced open a brand-new path.

The road ahead, however, was rough. The March 1989 announcement of the "Yangpu Model" caused an immediate uproar, provoking criticism that characterized the move as "betraying national sovereignty," "humiliating the nation," and "inviting a wolf into the house." There was a chorus of critical voices. The criticism led to something that should not have happened: The development of Yangpu was once again delayed.

We should not have paid this price at a time when reform and openness had brought historic change to China. Had this commotion not occurred, Yangpu would now be humming with the sound of machinery, and the Hainan SEZ would have won greater respect from the people because of a newer outlook.

"The Yangpu commotion," which cost us dearly, warned future generations: We can no longer afford to confine ourselves to the bizarre discussion of "whether to assume

the label of socialism or capitalism." We can no longer afford to restrain the ever-changing and dynamic reality with old conventions. History has never afforded us a ready-made model to be used in guiding our future. Socialist China is on the road toward reform and openness, a path that has never been trodden by its forebears. The prosperity and stability of today results from the efforts of hundreds of millions of people to discard outmoded customs during the course of practice.

3. Yangpu has become a barometer of China's program of reform and openness. Its future has a decisive effect on that of the Hainan SEZ. Chinese policymakers have always shown concern for the fate of the Yangpu Development District. In April 1989, Comrade Deng Xiaoping, who was always concerned about progress in the Hainan SEZ, made the following specific comment in a report on Yangpu: The policy decision taken by the Hainan Provincial Party Committee is correct. This is a rare opportunity, and we should not delay action. Jiang Zemin, general secretary of the CPC Central Committee, visited the Hainan SEZ on an inspection tour in May 1990. During discussions pegged to the Yangpu issue, he said: Quite a few countries have adopted the method of introducing foreign funds for use in developing extensive tracts of land. A commercial practice, this development mode is completely under the effective supervision of our country's laws and regulations. There is no such question as erosion of China's sovereignty. Answering reporters' questions at a March 1990 press conference for Chinese and foreign reporters, Premier Li Peng stated explicitly: Our government will lend active support to the development of Yangpu. During another inspection tour to Hainan nine months later, Premier Li Peng said again: "Through the development of Yangpu, we should search for ways to develop extensive tracts of land." Many leading comrades, including State President Yang Shangkun, Vice President Wang Zhen, and Vice Premier Tian Jiyun of the State Council, have shown deep concern for the development of Yangpu and have affirmed the "Yangpu Model." Since the second half of 1989, the National People's Congress and the National Committee of the Chinese People's Political Consultative Conference have sent many inspection groups to Hainan to view preparatory work regarding the development of Yangpu, as well as to express their approval of and support for the Hainan model of introducing foreign funds for use in developing extensive tracts of land. The Hainan Provincial Party Committee and the provincial government invited experts from relevant state departments to conduct a large-scale feasibility study on the development of Yangpu. The study concluded: "The extensive development and construction of Yangpu is key to opening the Hainan SEZ wider to the outside world and to developing an export-oriented economy in the zone. In conformity with the principles and strategies formulated by the party Central Committee and the State Council regarding the development and construction of Hainan, the 'Yangpu Model' is a course discovered by Hainan after many years of

practice and is compatible with the economic development of the entire province."

Ground was broken after three years of planning. In the manner of life-giving spring breezes and rain, the important speeches made by Comrade Deng Xiaoping during his tour of southern China early this year have resurrected the moribund "Yangpu Model." As one of China's several major schemes of reform and openness, the development of Yangpu was finally placed on the agenda of policymakers at the highest level. A working conference chaired by Premier Li Peng on 9 March 1992 decided to allow Hainan to attract foreign funds for use in developing the 30 sq km of land in Yangpu and in building the area into an economic development district.

Reflecting a new way of thinking, the "Yangpu Model" has brought China into a new stage of opening to the outside world. All of a sudden, foreign investors began to develop the 30 sq km of land in the Yangpu Development District, pumping in upwards of 100 billion Hong Kong dollars. Policies that are more flexible and preferential than those currently enforced toward our country's bonded zones are being implemented in the district. The area of land under extensive development, the amount of foreign investment brought into the country, and the degree of openness are without parallel in our country's history of opening to the outside world. [passage omitted]

Economic Restructuring Linked to Political Reform
HK1908123792 Beijing ZHONGGUO XINWEN SHE
in English 1215 GMT 19 Aug 92

[Text] Beijing, August 19 (CNS)—In the wake of remarks made by Mr. Deng Xiaoping during his visit to South China, the country's economic sector has grown brisk with various reform measures coming into force. It is particularly noteworthy that political reform which had long made slow progress proceeded at a gradually accelerated pace, as high-ranking officials gave significant prominence to the restructuring of government organs in their remarks.

A strongly-worded editorial in RENMIN RIBAO said that an administrative system featuring highly centralized authority by the central government was considered China's unique root cause of the trouble resulting from bureaucracy and it should be totally eliminated.

Experts were convinced that economic reform was obviously faster than its political counterpart which in turn held back the restructuring of the economy. Following Mr. Deng's remarks, both economic and political reform produced a strong "resonant" effect, a new phenomenon rarely seen in recent years.

The "Regulations on the Switch of Operation Mechanism for State-Owned Industrial Enterprises," a breakthrough document which underwent eight revisions in the course of eight months when it was being drafted,

was worked out under the leadership of Vice Premier Zhu Rongzhi. [name as received] The promulgation of the regulations which are virtually designed to urge the various ministries, commissions and governments of all levels to release power to enterprises, bears significant meaning as a milestone for the reform of enterprises in China.

Experts were convinced that the "Enterprise Laws" which came into force four years ago was a piece of good legislation. Backwardness of political reform, however, resulted in a tight grip of power by governments of various levels while a dozen measures of autonomy originally given to enterprises could not be implemented, a phenomenon described by economists as "policy suspension."

Would the latest regulations turn out to be another "Enterprise Law?" The Minister of the State Commission for Restructuring Economy, Mr. Chen Jinhua, pointedly said that the key to the shifting of enterprise operation mechanism lay in the switching of government functions. Should government at various levels not transfer power to enterprises but hang on to the power originally reserved for enterprises, no regulations, no matter how good they might be, would not work. [sentence as received]

Under the current circumstances, China is now awash with a great number of party and government organs feeding too many redundancies. A total of 31.4 million cadres and officials are on the public payroll with annual expenditure of over RMB [renminbi] 120 billion, making up more than 30 percent of year-round financial expenses.

Party chief Jiang Zemin, who paid an inspection visit to Shandong Province late last July, said that political restructuring was a must for intensive economic restructuring.

Mr. Chen Jinhua likened the relationship between the restructuring of government organs and the reform of enterprises to that between a main shaft and the gears. If the shaft does not rotate, how can the gears move?

Ethnic Leadership Seminar Opens at Xinjiang Company
OW0508110092 Urumqi Xinjiang Television Network in Mandarin 1655 GMT 3 Aug 92

[Announcer-read video report by reporter Cao Yuxin; from the "Xinjiang News" program]

[Text] A national seminar on the theory and practice of leadership work in ethnic minority areas, the first held in the country, opened at the Xinjiang Steel Company on 1 August. Experts and scholars from five autonomous regions and provinces—Tibet, Inner Mongolia, Qinghai, Guangdong, and Fujian—and 12 cities attended the seminar. Approximately 180 theses dealing with various

aspects of leadership work in ethnic minority areas were selected for discussions at the seminar.

Ismail Amat, vice chairman of the National Committee of the Chinese People's Political Consultative Conference and minister in charge of the State Nationalities Affairs Commission; Chen Yeping, member of the Central Advisory Commission and former director of the Organization Department of the CPC Central Committee; and Zhang Fusen, deputy secretary of the regional party committee attended and spoke at the seminar.

Urging leaders in minority areas to attach great importance to scientific research in minority areas, Ismail Amat said: Leaders should study ways to implement the guidelines of Comrade Deng Xiaoping's important talks made during his tour to the south; to emancipate the mind; and increase awareness in order to deepen reform in ethnic minority areas and open them wider to the outside world. They should also study ways to implement the guidelines of the Central Nationalities Affairs Conference held last January; strengthen ethnic work during the modernization drive; and promote the equality, mutual assistance, unity, cooperation, and common prosperity of all nationalities. It is necessary to study ways to improve leaders' capability to make policy decisions and exercise supervision, in order to accelerate the development of social productive forces in minority areas.

Chen Yeping discussed five aspects of leadership work, including energetically raising the leadership capability of cadres at all levels and conscientiously intensifying the construction of grassroots party organizations in ethnic minority areas.

Zhang Fusen briefed the seminar's participants about Xinjiang's achievements in reform and opening up, as well as its resources and geopolitical advantages in introducing investment from abroad and establishing lateral ties at home. He urged experts and scholars from various localities attending the seminar to offer valuable suggestions for Xinjiang's reform, opening up, and economic construction, as well as its leadership work.

QIUSHI on Paying Attention to Reform, Crime
HK1408014292 Beijing QIUSHI in Chinese No 10, 16 May 92 pp 2-3

[Commentator's article: "Pay Consistent Attention to Two Tasks"]

[Text] We must pay consistent attention to two tasks: continuation of reform and opening and the crackdown on crime. Material and spiritual development need to be promoted simultaneously. This is the method of work consistently advocated by Comrade Deng Xiaoping since the Third Plenary Session of the 11th CPC Central Committee. While emphasizing the need to accelerate reform and opening and make strenuous efforts to promote economic development, Comrade Deng Xiaoping

reiterated the need to pay persistent and equal attention to these two tasks during his inspection tour of south China early this year. In his report on the work of the government delivered to the Fifth Session of the Seventh National People's Congress held not long ago, Premier Li Peng summed up this principle into six key points which must be implemented in future work. Only by adhering to this principle can we fully implement the party's basic line, and promote the vigorous development of socialism as well as the all-round progress of society.

We must grasp economic construction, reform and opening without letup. Economic construction is our overriding central task, while reform and opening are the only road to economic prosperity. Only by seizing the present favorable opportunity to speed up reform, open the country wider to the outside world, further liberate and develop the productive forces and effect an economic upswing can we increase our overall national strength, satisfy the people's ever-growing material needs and better bring into play the strong points of socialism. Only in this way can we win a superiority comparable to that enjoyed by capitalism in the development of social productive forces, give better scope to our due role in international affairs, and frustrate attempts by hostile forces at peaceful evolution. If we do not pay consistent attention to reform and opening, fail to effect an economic upswing, and do not have a solid material and technical foundation, we will not be able to build socialism with Chinese characteristics, and all other things will come to naught.

While grasping economic construction, reform and opening up, we must also pay close attention to the crackdown on various crimes and strengthen socialist spiritual development. Since reform and opening, Western decadent ideas and ways of life have been seizing the opportunity to creep into our country. Frequent activities by law-breakers have revived many of the evil things that had long been stamped out, and criminal offenses have continually occurred. These must be sternly dealt with and must not be allowed to take their own course. We must continue to severely punish economic crimes such as smuggling, fraud, speculation and profiteering, corruption and bribe-taking, tax evasion and refusal to pay tax, embezzlement of public property and seeking exorbitant profits by illegal means; resolutely suppress prostitution, whoring, drug abuse, drug trafficking, abduction of women and children and other crimes; and sternly crack down on criminal gangs of a secret-society nature which threaten people's lives and property, jeopardize national security and undermine public order. We must eliminate these evil phenomena and factors of instability, step up the comprehensive improvement of public order, and make unremitting efforts to grasp these tasks.

Cracking down on crime and promoting socialist spiritual development are necessary for deepening the reform, opening the country wider to the outside world and developing the economy. Whether our aim is to speed up reform and opening or to develop the economy,

we need a stable political and social environment. The crackdown on various crimes and the strengthening of socialist spiritual development are necessary measures for ensuring stability. Only when there is political and social stability will people rest assured. When public order is protected, people will have a sense of security. This will encourage people to take an active part in reform and opening and to concentrate their energy on construction. In order to absorb foreign capital, it is also necessary to have a good investment environment. We must see to it that investors not only can feel good prospects for profits, but can feel that they are in safe and reliable hands. At present, people are very resentful of corruption, poor public order and unhealthy trends in society. These problems must be effectively tackled while efforts are being made to accelerate reform and opening. Only in this way can the smooth progress of reform, opening and economic construction be guaranteed.

In order to crack down on various crimes, eliminate evil phenomena and purify society, it is most important that we strengthen our confidence and dare to grasp our tasks and exercise control. After the founding of New China, the Chinese people under the leadership of the CPC only needed three years to make a clean sweep of social evils that had plagued old China and the capitalist countries. The key to success lay in determination and vigorous measures. Compared with the situation then, we now have difficulties as well as advantages. Provided that we are of one heart, grasp our tasks without letup and do a good job, we can definitely achieve success.

During his inspection tour of Shenzhen, Comrade Deng Xiaoping said that Guangdong must catch up with the "four little dragons." He pointed out that while boosting the economy, efforts must also be made to improve public order and the social atmosphere, and to surpass the "four little dragons" in both material and spiritual development, stressing that this is what socialism with Chinese characteristics should be. This applies to Guangdong as well as the rest of the country. We must, under the guidance of the party's basic line and revolving around the central task of economic construction, effectively and relentlessly grasp the two tasks of reform and opening on the one hand and the crackdown on crime on the other in order to protect public order. We must, on the basis of vigorously developing the productive forces and increasing our overall national strength, actively promote the development of ideology and culture, strengthen and improve ideological and political work, make unremitting efforts to conduct education on the four cardinal principles and education on patriotism and collectivism, and strive for the realization of the coordinated development of material and spiritual growth, the grand objectives of socialist modernization and the overall progress of society.

Strengthening of Leadership Bodies Urged

HK2206023092 Beijing QIUSHI in Chinese No 8,
16 Apr 92 pp 25-30

[Article by Lu Gongxun (4151 0501 8113): "Effectively Strengthen Unity of Leadership Bodies at All Levels"]

[Text] At his speech at the meeting to celebrate the 70th anniversary of the founding of the CPC, Comrade Jiang Zemin pointed out: "The unity of the party and particularly the unity of the leading bodies at all levels is a decisive link in social stability and the development of our cause. Comrades of the whole party must cherish, as well as safeguard and strengthen, our party's unity." Today, our party shoulders the great mission of leading the people of the whole country in building socialism with Chinese characteristics and effectively strengthening the unity of leading bodies at all levels, so that they truly become firm leadership cores at all levels of the party's organization. This is of very major significance in guaranteeing the integrity and unity of the entire party, in defeating the plot to achieve peaceful evolution which is being pursued by hostile forces at home and abroad and in achieving the second-step strategic goals of socialist modernization.

I

Strengthening the unity of the whole party and especially the unity of leading bodies at all levels is both a basic experience in building a proletarian political party and a pressing demand placed on our party by the new situation and present tasks.

The unity of the party is a basic guarantee for the victory and development of the party's cause. In the process by which the political party of the proletariat leads the proletariat and the laboring people in opposing the capitalist system, in building socialism and in realizing communism, it must realize its own great historical mission, and in this it must primarily rely on its own unity and consolidation. Without unity within the party, the party will be unable to continue to exist and develop, and the party's cause will not see victory. Thus, Marxism has always stressed party solidarity and unity. In "The Communist Manifesto," Marx and Engels pointed out: "Proletarians of the world unite!" When summing up the experiences of the First International, Marx also clearly pointed out: "A basic principle of the International is unity. If we are able, among all workers in all countries, to firmly strengthen this vigorous principle, we will definitely be able to achieve the goal we look forward to." (*Collected Works of Marx and Engels*, Vol 18, p 180) When Lenin established the new-style proletarian political party—the Bolsheviks—he upheld and developed this basic principle, and stressed: "Regardless of whether we speak in terms of achieving the final aims of the proletariat at the fastest possible pace, or in terms of firmly carrying out political struggle and economic struggle on the existing social base, the tightest unity among the proletariat engaged in this struggle is of utmost importance." (*Collected Works of Lenin*, Second

Edition, Vol 7, p 227) The CPC has always placed importance on the unity of the party and held that the unity of the party is a basic guarantee of the life of the party and of victory in the revolution and construction. In the years of revolutionary warfare, Comrade Mao Zedong saw unity as the magic weapon by which our party would victoriously overcome all enemies. He especially stressed the importance of strengthening the unity of leading bodies, and pointed out: "If these 'leading bodies' are not uniform in their actions, it is unimaginable that they will be able to lead the people, in their millions, in war and construction." (*Selected Works of Mao Zedong*, Second Edition, Vol 4, p 1440) After the smashing of the "Gang of Four," Comrade Deng Xiaoping stressed: "Stability and unity are extremely important. In strengthening the unity of the people of all nationalities throughout the country, first we have to strengthen the unity of the party and, in particular, we must strengthen the unity of the party's leadership core." (*Selected Works of Deng Xiaoping (1972-85)*, p 138) At the Seventh Plenary Session of the 13th CPC Central Committee, Comrade Jiang Zemin, by noting that "party unity and especially the unity of the leadership core at all levels, is a question of unparalleled importance," placed this issue before the whole party. Looking back over the brilliant 70-year history of our party, we observe that it is a history in which all forms of interference have been excluded, in which party unity has been strengthened and in which the party has gone from victory to victory. The CPC has, from its own positive and negative experiences, come to deeply recognize that unity means life, unity means strength and unity means victory. Under the new historical conditions, faced with the great task of building socialism with Chinese characteristics and faced with the complex international situation, we must further strengthen the unity of the whole party. Promoting, through the party's unity, the unity of the people of all nationalities throughout the country is a basic guarantee for implementing the basic line of the party and consolidating and developing the socialist system.

Strengthening the unity of leading groups at all levels is the key to achieving the unity of the whole party. The various levels of leading bodies in the party are the organizers and leaders in socialist modernization. How well they do in terms of realizing unity will directly affect the unity of the various levels of organization within the party and even the unity of the whole party. As far as our party, which has 50 million members and is the party in power leading 1.1 billion people in carrying out socialist modernization, is concerned, the unity of the leading bodies at various levels is clearly very important. If the leading bodies at various levels are not well unified, the party will not have strong and powerful leadership, it will not produce unified orders or act in a unified way, the party members and the masses will become just like a box of loose sand, and the party will certainly lose its cohesion, appeal, and fighting force. Seen from the present situation, in all regions, departments, and units in which the leading bodies have done well in terms of

achieving unity, the party's leadership is firm and powerful and work is full of vigor. In the other cases, the party's leadership is weak and lax and work is stagnant. The achieving of unity in the leading bodies is not only for the leading bodies themselves. The masses look to party members and party members look to their cadres. Only if the members of the leading bodies at all levels take the lead in acting as models of unity and they think and act in unity will it be possible to form a united and strong leadership core and will it be possible to educate, influence, and guide the broad masses of party members and the masses to do well in achieving unity, to safeguard unity and to realize the great unity of the whole party and the great unity of the whole country.

Strengthening the unity of leading bodies at all levels is a pressing need in order to frustrate the schemes of hostile Western forces to carry out peaceful evolution. The current international situation is complex and ever-changing and hostile Western forces have stepped up their strategy of implementing peaceful evolution in socialist countries. In the political, economic, and cultural spheres they are engaged in activities of infiltration and subversion against socialist countries. One of their political strategies is to target the leading bodies of the party at all levels, actively seek out and cultivate their agents, support the so-called "persons who hold different political views" and to try to manufacture an opposition within the communist system, to create an opposition faction and to open a breach from within to achieve the goal of disintegration of the CPC and the subversion of the socialist system. The struggle between peaceful evolution and counterpeaceful evolution directly affects the life or death of the party and concerns the future and fate of socialist China. In this struggle, the whole party and especially the leading bodies at various levels, will face severe tests. The political disturbance which occurred in the spring and summer of 1989 sounded the alarm bell for us. At that crucial juncture in the life or death of the party and the state, the majority of leadership bodies were able to maintain a firm stand and, in a firm and clear-cut way, and united in heart and mind, were able to put an end to the turmoil. Thereby, they manifested their high degree of unity and indomitable fighting capacity. However, there were also a small number of leading bodies who were, on the ideological and political levels, unable to clearly distinguish right from wrong, who lacked a high degree of unity, were thrown into confusion and lost their capacity to struggle. There were even some leading members who joined in the turmoil, producing serious results. We must bear this lesson firmly in mind and always maintain a high degree of vigilance. The struggle between peaceful evolution and counterpeaceful evolution is inevitable given the struggle between the two systems of capitalism and socialism, and as long as capitalism and socialism are in opposition, this struggle will be unavoidable. Frustrating the scheme for peaceful evolution is a major strategic task for our party and we thus need to make ideological preparation for long-term struggle. Only by strengthening the unity of the leading bodies at all levels so they

become firm leadership cores and powerful fighting forces will our party be able to pass the tests posed by any disturbance, will we be able to achieve victory in the struggle against peaceful evolution, and, through this struggle, will we be tempered and strengthened.

Strengthening the unity of the leading bodies at all levels is an objective demand in realizing the second-step strategic goals. At present, our country's socialist modernization is at a crucial stage. The task placed in front of the whole party and the people of the whole country is to strive to realize the demands put forward in the outline of the 10-Year Program and the Eighth Five-Year Plan as set down by the Fourth Session of the Seventh NPC [National People's Congress], to realize the second-step strategic goals in socialist modernization, and to lay down a firm base for realizing the third-step strategic goals in the middle of the next century. There are many advantageous conditions for realizing this great objective and it is completely possible. However, it will also be extremely arduous. If we are to conquer the arduous difficulties which will be encountered along the way and continually achieve victory, it is of primary importance that there are firm and powerful leading bodies at all levels, and that through their unity they lead the broad number of party members and the masses in struggle. If the leading bodies are not unified and do not coordinate and the leadership members use their mental energy in unprincipled squabbling, how will they be able to concentrate their energy to engage in reform and construction with one heart and mind? Thus, we must fully recognize that the issue of the unity of leading bodies is a major factor which cannot be ignored and which will affect the development of reform and construction. Only by strengthening the unity of leading bodies at various levels will we be able to guarantee the unimpeded implementation of the party's line, principles, and policies; guarantee the stability of the overall situation and economic development; and guarantee the victorious realization of the second-step strategic goals.

II

Seen overall, the current situation of unity in the majority of leading bodies is quite good, or at least good. However, there are still some leading bodies where the problem of disunity exists to differing degrees and in some cases this is quite serious. This is mainly manifested in the following aspects:

First, they do not stress whether principles are right or wrong and instead just engage in unprincipled squabbling. In some leading bodies, some members, when faced with major questions of right and wrong, often are indifferent and apathetic and even pay no heed to words and actions which are in opposition to the four cardinal principles and which harm the interests of the party and the people. There are others who, when making decisions on major issues, do not consider whether or not it accords with the interests of the party and the masses, or whether it is in accord with the realities of the region, department or unit. Instead they just act perfunctorily

and blindly, and try to keep everyone on their side. On the other hand, with respect to some questions which have nothing to do with principle, they are preoccupied with arguments and they dispute back and forth unceasingly. For example, when deciding on issues, they fight about "who will have the say"; when they have to hold discussions on questions, they will argue about "who should seek whom"; when involved with questions of personal interests, they fight about "who should take precedence"; and even when they talk about giving speeches at meetings, they squabble about "who should speak first."

Second, they do not uphold democratic centralism, but engage in individual arbitrary decision-making, decentralism, and liberalism. In this respect, a quite prominent problem is that in some leading bodies there exists the problem of insufficient democracy and insufficient centralism. On the one hand, within the leading body the relationship between secretary, deputy secretary and committee members is not a relationship of equality, or a relationship where the minority is subordinated to the majority. Rather, it is a relationship between ruler and ruled. The individual opinion of the secretary is taken as "centralism" and thus centralism is changed into a situation where one person has the say. Some "heads of ruling bodies" act as patriarchs and whatever they say goes. Thus, the decisions are not in accord with the thoughts and opinions of the majority of the members. On the other hand, some leading bodies let things drift, everyone does their own thing, and things which should be centralized are not centralized. When discussing work, each sticks to his own view and is unwilling to budge, and thus no resolution can be reached. And even if a resolution can be reached, it cannot be actively implemented. That which appeals is implemented, while that which does not appeal is not implemented. It even happens that there is overt accordance but covert violation, as well as wrangling back and forth, and thus it is very difficult to realize unified action.

Third, they do not engage in active ideological struggle, but rather they conceal faults for fear of criticism or act as "peacemakers." Some avoid contradictions and do not dare engage in criticism. They adopt a hazy and perfunctory attitude to matters of principle, they are indulgent when mistakes are made, and major matters are turned into minor matters while minor matters become no problem at all. Some stick doggedly to their own opinions, are unwilling to engage in self-criticism, and will not listen to other opinions. Even when facts have already proven them wrong, they are unwilling to accept other people's criticism and help. Rather, they think that such people are being hard on them and if the matter is minor they nurse grievances, while if the matter is major they strike back in revenge. Still others, when they have problems, will not lay them on the table, but will keep them to themselves and thus everyone has to guess what everyone else is thinking. Or else, in private conversations, they engage in all sorts of scandalous talk.

Fourth, they do not establish normal inner-party relations, but rather engage in vulgar relations. Some leading members are, on the surface, polite and amiable, but actually are suspicious and jealous of each other, and neither can convince the other of anything. In terms of feelings, there are all sorts of hang-ups between persons; on the ideological level, there is no interflow; and in work, they do not coordinate. Some members of leading groups exchange flattery and favors, boast and toady to each other and make use of each other. Also, some of these leaders do not engage in "universalism," but rather form groups, cliques, and factions.

Although the above-listed manifestations of disunity in some leading bodies are not universal phenomena, the bad influence and effects they have produced are extremely serious. They have seriously obstructed the implementation of the party's line, principles and policies; harmed the solidarity and unity of the party, which is based on the principles of Marxism-Leninism-Mao Zedong Thought; and weakened the fighting capacity of the leading bodies. Thus, we must give this a high degree of attention and put efforts into resolving these problems.

The reasons producing the disunity in the leading bodies are diverse. Seen from the subjective angle, the political quality of some leading body members is not high, their concept of party spirit is not strong, and, in particular, they have been badly affected by individualism. These are the basic factors producing the disunity in leading bodies. Some persons, after taking up leading posts, because they do not stress the study of Marxist theory and do not firmly establish a communist world view, see quite poor results in their cultivation of party spirit and they are unable to bear the attacks waged by decadent bourgeois ideology and the vestige ideologies of feudalism. In response to the decentralism, sectarianism, liberalism, individual heroism, and so on which pose a danger to the party's solidarity and unity, they not only do not oppose and resist them, but actually "earnestly practice" these activities. They squabble over power, squabble over who has realized achievements and who has made mistakes, and squabble over personal benefits. Also, in employing people, they give preference to relatives and friends. Although the forms of manifestation differ, the ideological root is the same, and that is bourgeois egoism and individualism. This essentially inverts the relationship between the individual and the organization and between individual interests and party interests, and essentially forfeits the ideological base on which unity has to be achieved. In addition, with respect to the subjective factors which affect the unity of the leading bodies, there are also cognitive roots. Because the individual subjective conditions of the members of leading bodies are different, the objective conditions in which they are situated differ and the angles from which they examine problems differ, it is inevitable that different viewpoints and divergent opinions will appear. This is a natural phenomenon. If these are handled well, not only will this not affect the unity of the leading body,

but it will allow collective wisdom to be pooled and it will allow the better bringing into play of the overall functions of the leading body. If we are to handle this problem well, there is the problem of mode and method. However, generally speaking, it is still a question of improving ideological and political qualities and resolving well the issue of world view.

Seen from the objective side, one of the reasons giving rise to lack of unity in leading bodies is that supervision and management by the upper levels is not properly exercised. Some upper levels, with respect to their relations with lower levels, only pay attention to organizational readjustment and ignore management and education. Thus, they are unable to discover and deal with the sprouts of disunity in a timely way. Therefore, when these sprouts reach a serious stage, there is no option but to adopt organizational measures to deal with them. With respect to those people who continue to act in ways which obstruct unity, if they are not seriously punished, the result will be that "they will cause trouble everywhere they are sent," and this will produce very bad effects. A second reason is that the structure of leading bodies is insufficiently rational, and the skills, specialties, strong points, ages, temperaments, and dispositions of the members of the leading bodies are not well matched. Thus the leading body as a whole lacks a harmonious atmosphere. When the squabbles go on for some time, they turn into clashes and these in turn give rise to contradictions. In some other leading bodies, the capacity for organizing coordination is not strong, there is a lack of cohesion and no core can be formed by the leading group. Thus, "the band of dragons has no leader" and this also affects the solidarity and unity of the leading body. A third reason is that some leading bodies lack firm systems restraints. For example, the collective leadership system might be incomplete and there will be a lack of clear and rational division of work between members of the leading body, leading to the emergence of friction and contradictions. In some cases, the work systems are incomplete and there is no complete meetings system and no regular work procedures. There are no fixed rules of procedure and no formal processes for handling matters. This means that work efficiency is not high, and serious wrangling results; this also affects the unity of the leading bodies.

III

In accordance with the demands put forward by the new situations and new tasks with respect to strengthening the unity of leading bodies and the problems which exist in terms of this unity, in further strengthening the unity of leading bodies we need to seriously resolve questions in the following areas:

1. Strengthening the study of theory and strengthening the tempering of party spirit so as to improve the political and ideological qualities of the members of leading bodies. The raising of the political quality of leading cadres, on the one hand, depends on their theoretical study, and on the other hand, depends on

their tempering and cultivation of party spirit. Strengthening cadres' study of the basic theories of Marxism is a strategic requirement in the current raising of the political quality of leading cadres, in achieving unity of leading bodies at all levels and in strengthening the position of the party as the party in power and as the party playing the leading role. Seen from the major setbacks being experienced at present by the international communist movement, in some socialist countries a basic factor in the loss of the ruling position and the leading position by the ruling communist party was that they turned their back on the party-building line of Marxism and they did not use the basic principles of Marxism or communist and socialist ideology to educate the broad number of party members and cadres and especially of leading cadres at various levels. Thereby, they removed their ideological weapons, with the result that, in the face of infiltration, subversion, and peaceful evolution waged by hostile domestic and foreign forces, the leading bodies first experienced problems and then split into pieces, resulting in the whole party falling apart. In our party, as some leading cadres have long ignored and been lax in the tempering and cultivation of party spirit, the unity of leading bodies has not been handled well, and the relations between the party and the masses and the cadres and the masses have not been handled well. This has seriously weakened the party's leadership and harmed the authority of the party among the masses. This is extremely dangerous. Thus, the members of leading bodies at all levels must consciously strengthen the study of the basic theories of Marxism-Leninism-Mao Zedong Thought and learn how to use a Marxist position, viewpoints, and methodology to examine things, analyze issues and handle problems. They must adopt a correct attitude toward themselves, a correct attitude towards others and a correct attitude towards reputation, rights, and interests, and must use the principle of party spirit to govern their own ideas and actions, to coordinate the relations within the leading body and, on the basis of Marxist principles, build a unity among the leading body. At the same time, in the course of study and practice, they must continue the cultivation and tempering of party spirit and strive to transform their world view. They must firmly establish the idea that the interests of the party and the people are higher than everything and that the interests of the individual must be subordinated to the interests of the party and the people, and consciously guard against the corrosion of decadent bourgeois ideology and the vestiges of feudal ideology; they must work conscientiously and serve the people with all their heart; they must recognize the overall situation, consider the overall situation, stress the undertaking, stress work and stress unity; they must be strict with themselves and lenient with others. When there are achievements, they should not vie for the reward and must not shirk responsibility when mistakes are made; they must correctly view and appropriately handle the different opinions and divergences which appear in work, and must not let different opinions affect unity; they must achieve unity between words and actions, think and behave in the same way,

and be open and aboveboard. They should do and say those things which are beneficial to unity and not do or say those things which are disadvantageous to unity. They must not listen to gossip or slander, stir things up, or engage in unprincipled squabbling. On the ideological level, there must be much interflow; on the sentiments level, there must be much linkage; on the work level, there must be much communication; and on the decision-making level there must be much discussion. Thus, within leading bodies a fine work style in which there is mutual respect, mutual trust, mutual support, mutual understanding, and unity and cooperation must be formed.

2. It is necessary to earnestly implement the system of democratic centralism and use the system to guide the actions of the members of the leading body. Democratic centralism is the basic organizational principle of our party and is also a dependable guarantee for achieving the unity of the leading body. Practice has proven that in all leading bodies which practice democratic centralism quite well, active internal ideological struggle can be carried out normally, contradictions can be resolved in a timely way, the relations between members of the leading body can be coordinated and harmonized and a unity of the leading body can be achieved. On the other hand, if democratic centralism is not implemented well, within the leading body there will be a lack of democracy and a lack of centralism, it will be difficult to avoid and impossible to resolve contradictions and clashes among the members of the body, and it will be inevitable that the body will experience serious disunity. Thus, in strengthening the unity of the leading bodies at all levels, a most important element is upholding and perfecting the system of democratic centralism and this must be taken as the basic standard in guiding the actions of the members of the leading body. In implementing the system of democratic centralism, the most important things are: 1) It is necessary to uphold the unified disciplinary requirement of the whole party, that "individual party members must be subordinate to the party organization, the minority must be subordinated to the majority and the various organs of the party and the whole body of party members must be subordinated to the national party congress and to the Central Committee." At all times, in all situations, on the ideological and political levels, a high degree of unity must be maintained with the party Central Committee, the concept of discipline must be strengthened, and phenomena such as lack of organization, indiscipline, overt accordance but covert violation and each going his own way must be opposed and corrected. 2) It is necessary to uphold the principle of combining collective leadership and division of labor with individual responsibility. All major questions must be collectively discussed and decided, democracy must be fully brought into play, and correct ideas must be centralized to guarantee the scientific and democratic nature of decision-making. After their opinions are negated, the minority must uphold the resolution passed by the majority and must not in their actions oppose it or contravene it in any way. They must

seriously implement the system of division of work with individual responsibility and every item of work decided by the Central Committee must be assigned to specific persons. Responsibilities must be clear and each person should have his own functions and duties. It is necessary to guard against shifting responsibility onto others, wrangling back and forth, vying for achievements and avoiding blame, and the emergence of other such phenomena which endanger unity.

In order to guarantee the implementation of the system of democratic centralism, it is also necessary to establish and perfect relevant rules and regulations which are in accord with this system. There should be regulations setting down how, within the leading body, work is to be divided, how the members are to coordinate, how instructions are to be requested, and how decisions are to be made. There should also be clear regulations governing what each member of the leading body should do, what he should not do, what rights they have and what obligations they have. By systematizing and standardizing these things, it will ensure that in the building of the leading body there will be rules to follow, that problems will be resolved in a timely way and that elements of disunity and discord will be reduced as far as possible. In recent years, the building of leading body systems has begun to receive some attention and some systems have been established. However, the building of leading body systems is still a weak link as compared to the building of systems in other areas. And, in some cases, although the leading bodies do have systems, the adherence to these systems is quite poor. Thus, we particularly need to put efforts into grasping this work to provide a strong systems guarantee for doing well in achieving unity of the leading bodies.

3. It is necessary to develop criticism and self-criticism to strengthen the capacity of leading bodies to resolve their own contradictions. Carrying forward the party's fine tradition of criticism and self-criticism and upholding the carrying out of positive ideological struggle are sharp weapons in upholding truth, rectifying mistakes, and strengthening unity. At present, in some leading bodies, there is serious, responsible, positive and healthy criticism and self-criticism which is beneficial to unity. But at the same time, privately there is much irresponsible censure and comment and some persons even change criticism and self-criticism into "praise and self-praise." This situation must be changed. When leading bodies carry out criticism and self-criticism, they must pay attention to the following: 1) They must uphold the correct policy. That is, in accordance with the formula of "unity- criticism-unity," they must proceed from the aspiration to unity and, through criticism and active ideological struggle, resolve contradictions and thereby realize a new unity on a new base. 2) They must uphold a correct attitude. That is, they must uphold the idea of "learning from past mistakes to avoid future ones, and curing the sickness to save the patient." They must, on the basis of the spirit of responsibility to the party and to the people, uphold principle and dare to

speaking honestly. Also, on the basis of an attitude of concern and care for their comrades, they must in a way which seeks truth from facts, point out and analyze problems which exist, and must earnestly help their comrades to make progress. They must not proceed from personal feelings or preconceived ideas, be swayed by emotions, nurse thoughts of revenge, give vent to personal spite or try to harm their comrades. As for those being criticized, they should adopt the attitude of "correcting mistakes if one has made them and guarding against mistakes if one has not" and warmly welcome criticism by comrades and earnestly accept ideas put forward by other people. 3) They must uphold a correct method. In carrying out criticism, it is necessary to uphold principle and also necessary to make criticisms gently so as to convince people through logic. That is, they must be straightforward and honest and also must seek truth from facts, exercise sound judgment and honestly note the mistakes which have been made and clearly state the nature of problems which exist. 4) The major leaders must set a good example. In particular, the heads of leading groups must take the lead in speaking truthfully and saying what is in their hearts. They must be brave in engaging in self-criticism, be brave in revealing their own shortfalls and defects and actively accept the supervision of the members of the leading group. They must have a broad mind, encourage the free airing of views and open-mindedly accept critical opinions. They must dare to uphold the principles of party spirit and sternly require of comrades that they speak the truth and not concern themselves with saving face. They must not engage in appeasement with respect to bad ideological styles or erroneous actions. In order to guarantee regular and effective carrying out of criticism and self-criticism, they must earnestly perfect the system of democratic life meetings for leading cadre party members and the members of the leading bodies must uphold the system of dual organizational life meetings. Only if every member of leading bodies is able to consciously use the weapons of criticism and self-criticism and seriously accepts the supervision of the masses inside and outside the party will they be able to constantly eliminate elements of disunity and will they be able to resolve constrictions at their sprouting stage. In this way, the struggle by the leading bodies to maintain unity will be vital and vigorous.

4. Education and management must be strengthened, so the leading bodies can be rationally deployed and readjusted. While the achieving of the solidarity and unity of a leading body mainly depends on internal efforts by the leading body itself, leadership, management education

and supervision by the upper-level party organization are also extremely important conditions. When the upper-level party committees are readjusting and deploying the subordinate leading groups, under the precondition of upholding the principle of the "four requirements of cadres" and the principle of stressing both ability and political integrity, they must consider the unity of the individual qualities of the members of the leading body and the overall structure of the body. They must achieve rational deployment, coordinated unity, mutual supplementing and restraining, centralize people's skills and organize a fighting collective which is harmonious, unified, and effective and which combines superiorities and strengths in many respects. They must also especially stress the selection and deployment of good leading body members and they must choose comrades who are strong in party spirit, have a good work style and excel at unifying, as well as outstanding cadres who are skilled in organizing coordination, can control the overall situation and are rich in leadership experiences to take on the responsibilities of major leaders. At the same time, the upper-level party committees should strengthen regular management over their subordinate leading groups and leading cadres. In respect of problems of unity which a leading group finds difficult to resolve, the upper-level party committee and organizational department should send people to assist in resolving the problems. A system of cadres talks should be established and, when problems of disunity appear in lower-level leading groups, the upper-level party committees and organizational departments must talk with them in a timely way, understand their ideological state, help them to sum up experiences and lessons in work and to understand and correct problems in ideology, work and work style. When resolving problems of disunity in leading groups, the standards for right and wrong must be stressed. There should not be blame assigned to all without discrimination. Those comrades who uphold principle, safeguard unity and work hard should be supported, while those persons who do not concern themselves with the party's undertakings, who have not worked hard for a long time, who stir things up and who engage in unprincipled squabbling, should not be shown undue lenience. Rather, it is necessary to engage in serious criticism of them and if, after education, they still engage in disunity, we must adopt resolute organizational measures. Some will have to be transferred, others will have to be demoted, and some will have to be given necessary punishment. We cannot allow a minority of people to disrupt the unity of the leading bodies, as this will weaken the combat capacity of the leading groups.

NATIONAL AFFAIRS, POLICY

Fang Sheng on Establishing Regional Economic Entity
92CE0607A Beijing JINGJI RIBAO in Chinese
24 Jun 92 p 4

[Article by Fang Sheng (2455 3932): "Several Ideas About Establishment of Mainland-Taiwan-Hong Kong Economic Entity"]

[Text] Strengthening economic cooperation and association among the mainland, Taiwan, and Hong Kong is a question unique to China's opening to the outside world. This cooperation is not only required by the economic development of the three regions, but also is necessitated by the regionalization of the world economy. However, it has some characteristics different from any other regional economic association: First, this economic association will not involve different countries, but will take place among different regions within the same country. Second, it will not be among regions with the same social system, but will involve regions with different social systems. This situation will not change even after reunification of the country. Third, the present economic association will be of a people-to-people nature. No government officials will come out to conduct consultations to reach any kind of agreement. Instead, social and economic groups, enterprise conglomerates, and individuals of the three regions will play a primary role in exchanging ideas and conducting consultations on their economic and trade relations. This state of affairs can only change after Hong Kong's sovereignty is recovered, and Taiwan and the mainland are reunified.

The question of economic cooperation and association among the Chinese mainland, Taiwan, and Hong Kong was raised only recently and has yet to be discussed in depth. Despite the numerous proposals on such economic cooperation, none is final. In my opinion, consideration may be given to the establishment of a "China Economic Entity." Although it is very hard to give a concrete description of such an entity at this time, the following ideas may be offered on the basis of the existing practice and the understanding already arrived at:

1. As the name suggests, the China Economic Entity is a regional economic cooperative organization to be founded on the basis of the common economic interests of the parties concerned. It is not a political alliance, and still less does it require its members to change their respective political or economic systems. Under this precondition and according to the principle of equality and mutual benefit, the members should establish and develop their relations of economic cooperation through consultation.

2. As a rule, any regional economic association consists of two inseparable aspects: the internal and external aspects. The envisaged China Economic Entity is no exception. However, the China Economic Entity should

have its own characteristics. For historical as well as current reasons, the mainland, Taiwan, and Hong Kong each have, for a long time, maintained their own external economic and trade relations and participated separately in certain kinds of international division of labor and cooperation. This state of affairs should be kept unchanged and further developed even after the establishment of the China Economic Entity. Nonetheless, this does not rule out the possibility that the three regions may, of their own accord, cooperate fully with one another and coordinate their external activities in dealing with the pressure imposed by other countries and economic communities, when necessary.

3. A more important question on regional economic association is how the parties within the joint organization should coordinate their steps to achieve the goal of mutual assistance and benefit. For example, markets are a major issue that should be properly solved by all organizations of economic association. Both the European Community and the U.S.-Canada Free Trade Agreement are striving to establish a common or unified market. The China Economic Entity cannot copy this because of its different circumstances. However, it can relax certain restrictions with regard to tax revenue. Direct trade and investment relations were established long ago between the mainland and Hong Kong and between Hong Kong and Taiwan, and have gradually expanded. A major problem, however, is that the mainland and Taiwan can only do business indirectly; there is no direct trade between them. This is extremely abnormal and should be rectified as soon as possible.

4. Providing expedient means and offering favorable terms to each other with regard to investment is an important measure for developing economic cooperation. Since the mainland opened its door to the outside world, it has attracted large sums of overseas investment, mostly from Hong Kong and Macao. As for investment from Taiwan, there is also an ever-growing trend despite the prohibition on direct investment and other restrictions imposed by the Taiwan authorities. As far as the mainland is concerned, earnest efforts should be devoted to improving its investment environment, in particular the "soft environment": 1) The basic open policy should be adhered to, and specific policies such as preferential treatment of investment should be relatively stable. 2) It is imperative to improve the legal system and abide by the law wherever it is available. In addition to the related economic laws and regulations established by the central authorities, it is necessary to draw up or improve local laws and regulations governing economic activities involving Taiwan. 3) Work efficiency should be raised, and unhealthy practices corrected. 4) The principle of improving the economic environment, rectifying the economic order, and continuing reform should be carried out seriously. The above are key to further improving the mainland's investment environment at this time.

5. Exchanging information and offering advice are prerequisites for members of the economic entity to establish ties and develop economic cooperation. 1) Economic and trade seminars with the participation of businessmen, experts, and scholars should be held. Arrangements should also be made for relevant persons to exchange visits. 2) The three regions should take turns holding exhibitions on economic construction achievements so as to apprise one another of their economic development and to exchange experience. Sales exhibitions may also be held when necessary. 3) Advisory service should be provided with regard to legal questions encountered in economic, trade, and investment activities. 4) A newspaper or periodical that can be distributed in all three regions should be inaugurated so that their economic conditions, investment environments, as well as pertinent economic laws and regulations may be publicized and economic information may be exchanged.

6. To bring into fuller play the role of the China Economic Entity, consideration may be given to the establishment of a joint economic commission made up of a certain number of representatives from each of the three sides—the mainland, Taiwan, and Hong Kong. The representatives, though not government officials, should have an official background and a certain degree of authority so as to coordinate their relations and develop the work. With the development of economic and trade relations among the mainland, Taiwan, and Hong Kong, objectively it is necessary to form an intermediary and coordinating organization to meet the needs arising from the development of such relations. Such organizations have long existed between the mainland and Hong Kong. Similar organizations have been formed between Taiwan and Hong Kong. As for the mainland and Taiwan, coordinating organizations have also been established. I think these established coordinating organizations indicate that there is already an organizational basis for the formation of a joint economic commission within the China Economic Entity. We can envisage that on this basis and through consultation among the parties concerned, it would be possible to form a unified joint economic commission by organizing, adjusting, reinforcing, and expanding the existing organizations. The joint economic commission may be located in Beijing with branches in Taiwan and Hong Kong. Within the economic entity, the members treat each other equally and coordinate their actions by consultation. There is no such question as big or small, high or low.

7. With the Taiwan authorities still insisting on the "three no's" [no contacts, no negotiations, and no compromise] and opposing the "three links" [mail, trade, and transportation links], we should give full play to Hong Kong's role as a bridge in developing economic and trade relations across the strait so as to create the condition for forming the China Economic Entity. To coordinate the mainland-Taiwan-Hong Kong economic relations before the establishment of the China Economic Entity, consideration may be given to setting up a nongovernment organization in Hong Kong, composed of representatives from the three sides,

similar to the Hong Kong-Taiwan Trade Promotion Association. The representatives should be recommended by influential and representative socioeconomic bodies of the three sides.

Economic cooperation and association among the mainland, Taiwan, and Hong Kong are drawing increasing attention both at home and abroad. To pool the wisdom of all, it is suggested that academic seminars be held periodically. Public figures concerned should be invited to attend these seminars so that they may air their opinions and discuss questions together. The best suggestion is to hold such seminars in Beijing, Taipei, and Hong Kong on a rotational basis.

Economists 'Worry' About Cost of Development Zones

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1037 GMT 21 Aug 92*

[Text] Hefei, August 21 (XINHUA)—Watching the booming economic development zones nationwide, some Chinese economists worry that development of those which lack proper start-up environments can only lead to great waste.

Some medium and small cities which don't have the advantages needed to open development zones are eager to set up their own. Some cities don't even have good basic transportation and communication facilities.

The experts point out that the cost of infrastructural facilities for an average of one sq km in the development zone may be about 100 million yuan (18.2 million U.S. dollars). Some zones cover dozens of sq km or nearly one hundred sq km and cannot meet such a demand.

Some development zones received only one or two foreign investors since their founding, so large patches of land remain idle. Large sums of human, material and financial resources were wasted. Some zones even cut down the land-releasing prices to lure investors only to cause great loss for the country and dampen the efforts of China's investment policy.

According to the economists, development zones should be established on well-chosen locations where there are geographical advantages and good industrial, technological and educational conditions, and they should undergo good management, so that they can bring about fine economic returns.

Article Supports Market Economy

*HK1908105292 Beijing GUANGMING RIBAO
in Chinese 1 Aug 92 p 3*

[Article by Zhao Shibao (6392 4258 1405): "Thoughts on Market Economy Theories"]

[Text] The market economy is an outcome of a highly developed commodity economy. It is not a basic economic system of a society, but an economic management system or economic operation model; it does not have

essential and necessary links with an economic system. Therefore, a market economy cannot be equated with capitalism, nor can it be set up as an opposite to socialism. There is a big difference between the contemporary actual socialism and the socialism envisaged by the founders of Marxism, and this kind of difference is precisely the objective basis for compatibility between market economy and socialism. Market economy is compatible with public ownership on the one hand, and is compatible with state planning and distribution according to labor on the other hand.

For a long time, we have seen different understandings of the market economy problem. The traditional viewpoint has separated market economy from commodity economy, equated it with capitalism, and set it up as an opposite to socialism. We should say that it is completely normal to have different understandings of such an important problem. At present, the development of a socialist economy and the deepening of reform have already inevitably pushed this important problem to a place in front of the people, and this urgently requires us to reach a consensus. Therefore, it is necessary to further understand market economy in theory.

Market Economy and Commodity Economy Cannot Be Separated

The basis on which we renew our understanding of a market economy is the way in which we understand the relations between commodity and market economies. The traditional viewpoint holds that we can develop a commodity economy but not a market economy. This kind of viewpoint, which separates market economy from commodity economy, is unjustifiable in theory.

In fact, market economy and commodity market are closely linked. A market economy is a category of commodity economy, and commodity economy is the foundation of market economy. The so-called commodity economy is, speaking from the most abstract level, an exchange economy formed on the basis of social division of labor. Human beings' understanding of commodities and commodity economy began from the exchange of commodities. Without exchange, there is no point in talking about commodities or commodity economy, whereas the sum of exchange relations is the market. Marx once said: "The divisions of productive labor enable their products to become commodities and things of equal value, and enable them to become markets mutually" (*Das Kapital*, Vol 3, p 718). Lenin also said: "Market is a category of commodity economy," (*Selected Works of Lenin*, Vol 1, p 161) "which is only a manifestation of social division of labor in commodity economy" (*Collected Works of Lenin*, Vol 1, p 85). Very obviously, in Marxist economics, market has always been linked with commodity economy. If market economy is separated from commodity economy, then commodity economy itself must be negated. Speaking from the angle of logic, since market is a category of commodity economy and a manifestation of social division of labor, then, market economy is naturally a

category of commodity economy and manifestation of social division of labor. Therefore, market and commodity economies are inseparable.

The links between market and commodity economies are mainly manifested in the areas of market mechanism and system. Where the market mechanism is concerned, it is the internal mechanism of commodity economy, as well as the internal mechanism of market economy. Commodity economy is run by market mechanisms such as prices, supply and demand, competition, wages, and profit rates; while market economy means the way to arrange resources based on the market mechanism. Obviously, commodity and market economies have common mechanisms. As far as market system is concerned, along with the continuous development of a commodity economy, the domain of market will inevitably expand. This will not only bring about a goods market, but also production factors markets such as capital, technological, labor, and land markets, thus forming a complete market system. The formation of a market system is an outcome of the development of commodity economy, and a manifestation of the development of market economy, and both have common internal demands. Of course, categories such as market mechanism and market system are different from market economy. The former belongs to the mechanism or means of economic operation, and the latter belongs to the system or model of economic operation, and both differ in terms of level. But we cannot deny that all these categories are the basic contents of a market economy, and together they embody the operation process of a market economy. Just like a commodity economy, which must comprise production and exchange of commodities, market economy must comprise market mechanism and system. We cannot recognize the links between these categories and commodity economy without recognizing their links with market economy. In the past, we learned a lesson when "commodity economy" acquired its "subsistence right." Have we not been enlightened by that lesson?

When we say market economy is a category of commodity economy, we do not mean that commodity economy is identical to market economy. Speaking theoretically, commodity economy mainly means that the way of social production adopts the form of production of value, and the special feature is that labor is transformed into value, the products of labor are transformed into commodities, and the commodities are exchanged according to value. Whereas market economy mainly refers to the organizational style of a society's economy, and the special feature is that production elements and natural resources are arranged and distributed through market. Judged from the process of historical development, market economy was an outcome of commodity economy when commodity economy developed to a certain stage, or, in other words, market economy was one kind of manifestation of developed commodity economy. The production of commodities, which has exchange as its purpose, emerged in the late period of the

primitive society; however, before capitalist society, due to the fact that natural economy held a dominant position in society's economy, so a nationwide and unified market could not be formed, and unified market prices did not exist, while market structure was comparatively unitary. Therefore, this kind of economy can be called a commodity economy (or simple commodity economy), but cannot be called a market economy. Along with the rapid development of social production, natural economy was replaced by commodity economy, social and economic links became more frequent, and market domain rapidly expanded, to the extent that the market developed into a big system with rich contents. Only the commodity economy under this condition can be called market economy.

The above-mentioned situation indicates that market and commodity economies are concepts which have links and differences. Market economy takes shape when commodity economy is highly developed. Commodity economy includes simple commodity economy, whereas market economy is a negation of simple commodity economy. At present, although our country's commodity economy has had a comparatively big development, it has not yet reached the stage of developed commodity economy. Precisely speaking in this sense, our party must propose the development of "socialist market economy."

Market Economy Cannot Be Equated With Capitalism

For a long time, the dominant viewpoint in our country's theoretical circles held that market economy is a kind of economic system, which is linked to the essence of capitalist society, therefore, market economy is capitalist economy. As we see it now, this viewpoint is also incorrect.

Certainly, contemporary capitalist economy is typically market economy. However, this does not mean that market economy must be a patent belonging to capitalism, nor can we say—and this is more important—that market economy equates with capitalism. Here, a basic theoretical problem is involved, that is, is market economy a kind of economic system?

According to the basic principle of Marxist economics, a society's basic economic system refers to the sum of relations of production which is in a dominant position. In a society, in its basic economic system which is constituted by the sum of relations of production, the system of ownership of means of production is the core and basis, which determines the essence of that society's economic system. The essential difference between socialism and capitalism is, first and foremost, the difference in their economic systems, that is, the former is public ownership of means of production, and the latter is private ownership of means of production. Very obviously, market economy neither involves the character attribute of means of material production, nor involve the mainstay problem of production and exchange, therefore, it does not have the essential and

necessary links with a society's basic economic system. In fact, market economy is only an economic management system or economic operation model determined by collectivized commodity economy. As a model of economic system, it belongs to a lower level when compared with the basic economic system, and it does not have independent social attributes itself. Precisely because of this, countries with the same economic system can implement different models, whereas countries with different economic systems can practice the same model. Therefore, to view market economy as an economic system, and thus to equate it with capitalism, is obviously groundless in theory.

One important argument with which the traditional viewpoint equates market economy with capitalism is the concept that market economy has been given specific meaning by Western economics literature. For example, in Japan's economics works, it has been clearly stipulated that the market economy system has three basic principles: 1) Private property is sacred and cannot be violated; 2) the principle of freedom of contract; and 3) the principle of self-responsibility. However, if we make a careful analysis, it will not be difficult to see that this argument is not scientific. Do the principles of freedom of contract and self-responsibility only belong to capitalism? Can a socialist society have no need for these two principles? As for the unscientific stipulation which equates private property with the essence of market economy, we have already discussed it in the above paragraphs, and there is no need to repeat it here. However, it must be pointed out that before the 20th century, economists in the West did not use the "market economy" concept, even though what they faced was a capitalist market economy. Only after the first socialist country emerged on earth in the 20th century did they begin to use the "market economy" concept to treat socialist planned economy as an opposite. We cannot respectfully hand over the "market economy" category to capitalist economy for exclusive use just because the Western economics called capitalist economy market economy. It must be further pointed out that when facing concepts from Western economics works, we do not have to understand them according to our way of thinking, because the consequence of doing so is often harm to ourselves, not others.

Another important argument with which the traditional viewpoint equates market economy with capitalism is that classic Marxist writers also treated market economy as capitalism. It should be pointed out that Marx and Engels never used the "market economy" concept; the man who first proposed and used this concept was Lenin. Indeed, Lenin once said: "As long as market economy exists, and so long as the power of currency and the strength of capital are preserved, no law in the world is able to eliminate inequality and exploitation" (*Collected*

Works of Lenin, Vol 10, p 407). However, we should not forget that Lenin made this conclusion in 1906, before the October Revolution. The market economy explained by him in this context was the capitalist market economy reflecting the relations in which capital was used to exploit hired labor, and not the market economy manifested in a collectivized commodity economy. At the same time, we must also realize that under the specific historical conditions at that time, Lenin could not thoroughly study the problem of the development of a market economy under socialist conditions. In fact, after the victory in the October Revolution, Lenin was already found fully affirming the role of market when he summed up the experiences in construction and revolution of the early Soviet Government. In 1923, resolution adopted by the 12th CPSU congress said clearly: "We must always attentively adjust to the market situation and market relations," and "since we have changed to the market economic style, the state must grant various enterprises the necessary freedom to conduct economic activities in the market, and it is hoped that no administrative measures will be used to replace it." Therefore, it is also not convincing if one wants to use Lenin's 1906 conclusion to prove that market economy equates to capitalism.

The Market Economy Cannot Be Opposite to Socialism

If we admit that market economy is a category of commodity economy, and that market economy is not identical to capitalism, then, there is no reason to set up market economy as an opposite to socialism, and we should righteously announce: Socialism can also practice market economy. Of course, just this reasoning is not adequately convincing, and a concrete analysis must be made to see whether socialism is compatible with market economy.

We know that the scientific socialism described by the founders of Marxism is a kind of advanced socialism built upon the basis of modern productive forces. This kind of socialism has two prominent features: First, means of production are directly owned by the whole society, and independent economic entities and interest groups do not exist; second, the commodity-money relations are eliminated, and the society's production is planned and regulated by all of society. Undoubtedly, this kind of ideal socialism is obviously incompatible with market economy.

In the early and middle period of this century, a dozen socialist countries emerged. In the beginning, almost all these countries tried hard to materialize the anticipations of the founders of Marxism as soon as possible, but they all ran into a wall. Practice gradually made people understand that the socialism which was produced on the basis of underdeveloped productive forces could not be materialized completely according to this kind of anticipation. After practicing socialism for over 20 years, our party finally realized that our country is still at the

initial stage of socialism. At this stage, we must vigorously develop the commodity economy, and, in particular, develop various economic sectors on the premise of a predominant public ownership system; practice various kinds of distribution with distribution according to labor as the mainstay; and, under the goal of common affluence, encourage some people to become rich first by honest labor and lawful operation. Very obviously, contemporary actual socialism greatly differs from ideal socialism. Whereas this kind of difference is precisely the objective basis for compatibility between socialism and market economy.

The above-mentioned analysis may be too abstract and people still cannot see the compatibility between socialism and market economy. For this reason, we may also further analyze the internal part of a socialist economy.

First, can market economy be compatible with public ownership? Here, we must first have an understanding of public ownership in a broad sense. State ownership is public ownership; collective ownership is also public ownership. Generally speaking, there is no doubt that collective ownership is able to be compatible with market economy. In recent years, our country's township and town enterprises rapidly emerged and showed tenacious vitality, the basic reason being the introduction of market economy mechanisms. The question at this moment is, can state ownership be compatible with market economy? Theoretically, both market economy and state ownership are built upon the foundation of collectivized large-scale production and social division of labor, and both have the material basis of mutual compatibility. However, it cannot be denied that under the traditional state ownership style in our country, enterprises are not independent economic entities, have no independent economic interests, cannot make their own decisions concerning operation, and cannot take sole responsibility for gains and losses. Under this condition, market economy indeed is incompatible with state ownership. However, since socialist economy is commodity economy on the basis of public ownership, it has found the growth point for compatibility between market economy and public ownership. The crucial point at this moment is, when upholding the premise of public ownership, we must reform the actual form of state ownership. This requires us to straighten out the property right relations between the state and enterprises, separate the government from enterprises, and distinguish two kinds of power, so as to enable enterprises to really become the actual legal persons and the mainstay of the market. This kind of reform will never weaken or abolish the mainstay status of public ownership, but will enable public ownership to fully develop its strong points.

Second, can market economy be compatible with state planning? We must first admit that the traditional planned economy centering on mandatory plans is certainly incompatible with market economy or they even mutually exclude each other. However, we have now

made it clear that state planning does not equate with mandatory planning but should also include guided planning; whereas guided planning is in fact a planning form which has been reformed by the market, and is compatible with market economy. At the same time, be it a mandatory or a guided plan, it must be built on the basis of the law of value, and reflect supply and demand in the market and market relations, and this also indicates the compatibility between the two. Judged from practice, after the reform of more than 10 years, our country's traditional system of planned economy has been broken, and the weight of market regulation has increasingly expanded. At present, within the country's total industrial output value, the proportion of mandatory plans has dropped from 80 percent to the current 16 percent; and within the GNP, 80 percent is realized by market exchange. Practice proves that reduction of the domain of mandatory planning and expansion of market regulation will not lead to economic chaos. Of course, the development of a market economy will unavoidably bring about some blindness, but as long as the state can strengthen macroeconomic regulation and control and guided planning, certain negative functions of a market economy can be avoided or reduced.

Third, can market economy be compatible with distribution according to labor? Distribution according to labor is an important feature of a socialist economy. At the current stage, the distribution of consumer goods to individuals is realized by commodity money and market, furthermore, the general practice is a principle similar to commodity economy (exchange of labor of equal amount and exchange of commodities of equal prices). This common point has become the connecting point of compatibility between market economy and distribution according to labor. Viewed from the principle of distribution itself, under the condition of the practice of market economy, a laborer's contribution will be mainly evaluated by the market, and his income will be mainly regulated by the market mechanism. Thus, some laborers might become rich quicker; some might become rich slower. This kind of difference in income, which is built upon the difference in labor, is generally in accordance with the principle of distribution according to labor. Of course, along with the development of a market economy, some nonlabor incomes will be reaped by certain units and individuals. As long as these incomes are lawful, they are permitted by the state's policy. Regarding excessively high individual incomes, the state may use economic levers to exercise regulation; regarding the use of illegal means to seek profit, the state may give punishment in accordance with the law. This is also an important difference between socialist and capitalist market economies.

To conclude, the practice of a socialist market economy on the premise of public ownership is an unprecedented undertaking. Although our country's economic reform has scored results which attract worldwide attention, the development of a market economy has just begun. We must emancipate the mind, change concepts, and boldly

explore, so as to build a new system of socialist market economy with Chinese characteristics on the premise of public ownership.

PROVINCIAL

Guangdong Production, Retail Sales Continue To Grow
HK2108130792 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 20 Aug 92

[Text] A comprehensive analysis made by the provincial statistics bureau shows that Guangdong's national economy continued to grow at a fairly fast pace in the second half of the year. In July, Guangdong's total volume of retail sales and total export volume stood at 8.36 billion yuan and \$1.636 billion respectively, up 22.5 and 31 percent over the same period last year. The total volume of retail sales hit an all-time high.

In the first seven months of the year, state-owned units across the province spent 14.062 billion yuan on infrastructure and technological transformation, up 35.5 percent compared with the same period last year.

Social demand grew comprehensively. Prompted by social demands, industrial sales output across the province in July came to 21.799 billion yuan, more than 40 percent more than the same month last year. Sales of export commodities ran to 5.89 billion yuan, accounting for 27 percent of provincial industrial sales output value for the same month. In the meantime, there was better coordination between production and marketing. The industrial product production-marketing ratio across the province was 96.66 percent.

Beijing Encourages Opening of New Markets
OW1808021792 Beijing XINHUA in English 0153 GMT 18 Aug 92

[Text] Beijing, August 18 (XINHUA)—The number of markets in Beijing continues to grow with the opening of new building materials, interior decorating, timber, flowers and birds, consumer goods, fur and leather, and lamp markets.

Until only a decade ago, commerce and services trades were looked down upon in Beijing, the political and cultural center of China since the Yuan Dynasty (1271-1368), and throughout China as the feudal tradition has belittled merchants for centuries.

Along with economic development, the demand for new markets has expanded rapidly while space in the downtown areas remains limited. As a result, a number of enterprises and firms have opened sidewalk stalls in the early morning and evening.

Since the beginning of the year, Beijing has readjusted its manufacturing sector and enterprises exhibiting poor performance have been instructed to become a part of the tertiary industry.

Thus far, the measure has proven beneficial. For example, the Beijing No. 2 Glass Factory has moved its equipment to the suburbs and opened a glass market in two city buildings. In addition, the Beijing Leather Shoes Factory has rented 600 booths in its courtyard, while the Beijing No. 2 Watch Factory has been converted into a shopping center. As a result, these enterprises, which have been loss-making enterprises for a number of years, have earned considerable profits.

Beijing currently has 40 markets.

Gao Zuozhi, director of the municipal economic commission, said that downtown industrial facilities should be moved outside the city in order to gradually meet the needs of commerce and service trades. And, the commission plans to transfer 50 percent of the workers in the manufacturing industry to the tertiary industry.

The municipal government has drafted 30 preferential policies to promote shifts from the manufacturing industry to the tertiary sector.

Liaoning Holds Meeting on Development Zones

SK1908123992 Shenyang Liaoning People's Radio Network in Mandarin 1030 GMT 18 Aug 92

[Text] How should we follow the path of opening up to the outside world? How should we build the economic and technological development zone?

The provincial committee of foreign economic relations and trade and the provincial office in charge of opening up to the outside world held a meeting of all development zones in Dandong from 17 to 18 August to sum up and exchange experiences and to discuss and study principles, policies, and methods for building and managing development zones. Development zones in Dalian, Shenyang, Yingkou, and Dandong cities respectively introduced their experiences at the meeting. The participants visited the Dandong Development Zone now under construction. The zone is located near a river. Assistant Governor Gao Guozhu attended the meeting and gave a summing-up speech. He said: The past year and more marked the fastest development rate and greatest achievements in our province's development zones. The rate of building infrastructure facilities was accelerated, the investment items increased rapidly, and the trans-country companies entered the development zones. The level and grade of development zones improved continuously. Reforms have perfected the management system and given rise to a number of export-oriented specialized communities.

Gao Guozhu said: The development zones have played an important role in the province's social progress and economic development, brought in much revenue and advanced technology and equipment from foreign countries, Hong Kong, Macao, and Taiwan, accelerated the rate of transforming Liaoning's old industrial base, and expanded exports to earn foreign exchange and exchange for capital goods badly needed in the country. In the

course of production and operation, the development zones have also brought in scientific management methods that are in harmony with international practice, cultivated and trained a batch of export-oriented personnel with pioneering spirit, who knew the national condition of China and international economic situations well.

In reference to future work, Comrade Gao Guozhu stressed: We must unify thinking, support the construction of the development zones in many ways, make planning conscientiously, lay a good foundation, and prevent all departments from acting as they see fit and from working perfunctorily. In formulating capital construction plans, we should act according to our capability, and strictly select projects to be carried out in the development zones. We should persist in setting a high starting point and seek high efficiency and high speed while carrying out export-oriented projects in the development zones. By no means should we act as a hungry man who does not make any choice of food, and bring in projects blindly. We must comprehensively enhance the level and grade of the development zones.

Inner Mongolia Port Plans 6 Border Trade Zones

HK1808031892 Beijing CHINA DAILY in English 18 Aug 92 p 2

["Special to China Daily" by staff reporter Zhang Yan-shun: "Manzhouli Preparing Six Border Trade Zones"]

[Text] Manzhouli—China's largest land port in the Inner Mongolia Autonomous Region is planning to establish six development zones in the coming few years to promote Sino-Russian border trade and economic cooperation.

A total of 820 million yuan (\$149.1 million) will be invested in the construction of a Sino-Russian economic cooperation zone, a barter trade zone, a comprehensive commerce and trade zone, an energy resource development zone, an export-oriented agricultural development zone and a tourism zone.

Zhou Guobao, President of the Manzhouli Branch of the People's Construction Bank of China, said yesterday that his sub-branch has lent 60 million yuan (\$10.91 million) for the development program.

More funds will be raised, through attracting more deposits and other channels, to expedite the development scheme, Zhou affirmed. The branch is responsible for managing state investment in key capital construction projects and providing loans in the border city.

The Sino-Russian economic cooperation zone, with a planned development area of 5.6 square kilometres, is designed to develop light industry, textiles, food, building materials and other processing industries. Their products are targeted for export to Russia and other countries of the Commonwealth of Independent States, as well as East Europe, Zhou said.

Currently, the 200,000-square metre Sino-Russian barter trade zone on the Chinese side of the Sino-Russian border is under construction and is scheduled to open for business by the end of this year, Zhou said.

Chinese, Russians and people from other countries and regions may then barter goods or services inside the zone. Currencies of renminbi yuan, roubles and U.S. dollars will also be permitted to flow there.

The comprehensive commerce and trade zone will be based on the present urban area of Manzhouli City. New buildings and infrastructural facilities will be constructed, Zhou said.

The energy resource development zone is designed to initiate cooperative projects with Russian partners. In that field, proven coal reserves in the city are 10.1 billion tons, Zhou said.

The export-oriented agricultural development zone will focus on setting up agricultural and livestock commodity export bases and food processing facilities, Zhou said.

Yang Rudai on Cooperation With Southeast Asia

HK2108112192 Beijing ZHONGGUO XINWEN SHE in Chinese 1209 GMT 7 Aug 92

[Report by Xiao Longlian (5618 7893 5114): "Sichuan Secretary Yang Rudai on Cooperation Between Southwest China and Southeast Asia"]

[Text] Chengdu, 7 Aug (ZHONGGUO XINWEN SHE)—Meeting with overseas Chinese media reporters, Yang Rudai, member of the CPC Central Political Bureau and secretary of the Sichuan Provincial CPC Committee, said: During the process of China's all-directional openness, opening the southern gate, making southwest China an important point of openness toward Southeast Asia and South Asia, using alliances to promote openness and using openness to promote development have become a consensus and will become action. The two-way cooperation between Sichuan and the southwestern region and Southeast Asia will heat up very soon.

Meeting here yesterday afternoon with reporters from SHIH-CHIEH JIH-PAO [WORLD DAILY] and SHANG PAO [BUSINESS DAILY] of the Philippines, AO-HUA SHIH-PAO [AUSTRALIAN OVERSEAS CHINESE TIME] of Australia, LIANHE ZAOBAO of Singapore, HSING-HSIEN JIH-PAO [THAILAND DAILY] and CHUNG-HUA JIH-PAO [CHINA DAILY] of Thailand, Yang Rudai disclosed to them the latest message about the conference on the alliance of the five provinces and two cities to go toward Southeast Asia, which ended late last month in Kunming.

He said: The conference has reached a consensus and set objectives for allied openness, development, and going

toward Southeast Asia. It also formulated unified policies. The crucial thing for the opening up of the southwestern region is the alliance of the provinces and regions, the core is policies, and the conditions are communications. Alliance has now become a consensus. The new all-directional policy of the central authorities offers a guarantee for alliance of the provinces and regions in the southwest. They are stepping up the improvement of their communications conditions, and the construction of a number of key communications projects for air and sea transportation, railroads and highways is being speeded up. The domestic and international situations are extremely conducive to the alliance of the southwestern provinces and regions to go toward Southeast Asia. And the time is ripe for the southwestern region to go toward Southeast Asia as an alliance, like it served as the southern Silk Road in the past.

Yang Rudai maintained: Sichuan and Guizhou do not border on any other countries or the sea, but possess strong industrial, agricultural, scientific, and technological capabilities; while Yunnan does not border the sea but borders other countries, and Guangxi borders the sea and other countries. If they are mutually allied, supplement one another's advantages, share one another's interests, and shoulder common risks, their cooperation in opening up will be very promising. In recent years, Sichuan's import and export trade with Southeast Asian countries has gradually increased, and dozens of enterprises from Southeast Asian countries have come to invest in Sichuan. They have directly invested and cooperated in such industries as electronics, Chinese medicine, fodder, and textiles.

At the invitation of the China Overseas Exchange Association and the Sichuan Provincial Overseas Chinese Office, the reporters of the seven Chinese-language papers of the four Asia-Pacific regions ended their coverage in Sichuan and Tibet and will leave Chengdu and head home via Beijing.

Yang Rudai on Sichuan's Plan for Opening Up

HK2108112292 Beijing ZHONGGUO XINWEN SHE in Chinese 1333 GMT 7 Aug 92

[By staff reporter Xiao Longlian (5618 7893 5114): "Yang Rudai Tells Overseas Reporters About Sichuan's Opening Up to the Outside World"]

[Text] Chengdu, 7 Aug (ZHONGGUO XINWEN SHE)—When meeting with some overseas reporters, Yang Rudai, member of the CPC Central Committee Political Bureau and secretary of the Sichuan Provincial CPC Committee, said that Sichuan, as the first province to start reform in China, will pursue the strategy of opening along the "four lines," strengthen relations with other localities in Southwest China, have a stronger urge to open up, and form a new across-the-board pattern of opening.

Yesterday afternoon, Yang Rudai met with reporters for Chinese-language newspapers in the Philippines, Australia, Thailand, and Singapore, and made the above remarks.

He frankly admitted that at present, Sichuan still lags behind the coastal areas in the aspect of opening up to the outside world. The subjective cause is that they did not have a strong urge to open up in the past, and objectively, Sichuan's geographic situation in the interior, less favorable transportation conditions, and lack of preferential policies available to the coastal areas are also major reasons for Sichuan's backwardness.

Yang Rudai briefed the overseas reporters about Sichuan's plan for expanding openness and quickening economic development. He said that the minds of government officials at all levels and the masses in Sichuan Province were once again emancipated after the Third Plenary Session of the 11th CPC Central Committee. We shall strengthen cooperation with other localities in Southwest China, effect openness along the rivers, along the railway lines, along the coastline, and along the borderline, thus forming a new pattern of jointly promoting across-the-board openness.

Yang Rudai said: In Sichuan, Chengdu and Chongqing are two major cities with independent budgetary status in state plans, and Chongqing has been named an open city along the bank of the Chang Jiang. Chengdu now has also been allowed to enjoy the same preferential policies as the coastal open cities to attract foreign investment. With the starting of the Three Gorge project, Wanxian Prefecture and Fuling Prefecture will also be turned into open areas. From Jiangyou in the north to Emeishan in the south, a belt has been allocated for building an economic and technological development zone for attracting foreign businessmen to run enterprises.

He also revealed that in order to improve Sichuan's transportation conditions, the state plans to invest 500 million yuan to expand the Shuangliu airport into an international airport. Railway, highway, and water transportation will all be developed at the same time. It is expected that Sichuan's transportation will be substantially improved.

Shaanxi Registers 9.4 Percent Growth in First Half

HK2108131992 Xian Shaanxi People's Radio Network in Mandarin 0300 GMT 20 Aug 92

[Text] According to information provided by the provincial statistics bureau, Shaanxi's national economy has grown at a remarkably quicker pace since the beginning of this year as a result of an improvement in the macroeconomic environment and an increase in reform momentum. Economic operations as a whole have moved from the stage seeing a steady economic upturn to a stage characterized by sustained economic growth.

According to statistics, in the first half of this year Shaanxi's GNP hit 21.697 billion yuan, up 9.4 percent

over last year in terms of constant prices. Though the growth rate was lower than the national average of 10.6 percent, Shaanxi's economy is still considered as developing with a fairly strong momentum.

The statistics show that secondary industry, which accounted for 50 percent of the province's GNP, grew at the fastest rate of 15.6 percent, industrial production by 15.7 percent, and the building industry by 14.6.

The statistics also show that Hanzhong Prefecture and Xian City registered greater economic growth rates, with their GNP's increasing 12.9 and 11.1 percent respectively as compared with the same period last year, higher than the provincial and national average economic growth rates.

Declining economic efficiency was initially held in check and industrial production in particular began to effect an upturn. But generally speaking, the situation of poor efficiency remained basically unchanged. [words indistinct] economic work for the second half of the year is still very tough.

Yunnan Conference Reviews Financial Achievements

HK1908074592 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 18 Aug 92

[Excerpt] Our staff reporter learned from the provincial financial work conference, now in session in Kunming, that new achievements were made in our province's financial work during the first half of this year. The aggregate actual revenue from January to July was over 5.11 billion yuan, 52.5 percent of the budgeted amount for the entire year—9.75 billion yuan—that was approved by the provincial people's congress. This represented an increase of 3.7 percent over the corresponding period last year.

The aggregate actual fiscal expenditure throughout the province registered more than 5.06 billion yuan, which was 50 percent of the annual budget, up 10.5 percent over the corresponding period last year. The growth rate of expenditure overtook that of revenue by 6.8 percentage points.

Since the beginning of this year, the construction of key projects and basic agricultural facilities has accelerated. Such major projects as Nankun railway, Guandao railway, and the phosphate chemical industrial base began to be built one after another, and intensive spending has begun on these projects. By the end of July, over 550 million yuan had been spent on budgeted capital construction throughout the province, representing an increase of 31.3 percent over the corresponding period last year, which ensured the supply of funds for the construction of key projects.

In the meantime, governments at various levels kept up their strenuous efforts in consolidating the agricultural bases and increased inputs in agricultural development. The main object of investment was the development of 25 million mu of high- and stable-yield farmland, projects of agricultural reinvigoration through science and technology, afforestation, and basic farmland facilities. This has played a highly contributory role in strengthening the stamina of agricultural development and guaranteeing the ability to fight natural calamities and strive for bumper harvests in agricultural production throughout the province.

As far as the implementation of the province's fiscal plans for revenue and expenditure is concerned, due to a variety of factors, such as slow sugar sales and the resulting stockpiles, restriction of cigarette production, inadequate outgoing transportation capacity, and poor enterprise efficiency, the economic development was accompanied by financial difficulties. [passage omitted]

Yunnan Develops Foreign Trade

92CE588A Beijing GUOJI JINGMAO XIAOXI
in Chinese 21 Jun 92 p 1

[Article by Fu Zhengluo: "Yunnan Border Trade Flourishes—Reform and Open Policy Shows Enormous Vitality"]

[Text] Yunnan Province is located in China's south-western border region. Bordering on Burma, Laos and Vietnam, it is connected with various countries in Indochina Peninsula by sea and land. It has a 4,000-km long border line with 27 counties and cities bordering on neighboring countries and with people of 15 nationalities living across the border line. Border trade has been going on, and trade fairs in particular have been attended by border inhabitants from all sides over a protracted period. With the implementation of China's reform and open policy since 1984, border trade with Burma in the western part of Yunnan has entered a new stage of development. The improvement in Sino-Vietnamese and Sino-Laotian relations has helped promote trading between the southwestern part of Yunnan and Laos and between the southern part of the province and Vietnam.

(1) Gratifying Situation in Developing Yunnan's Border Trade in Recent Years

The form of border trade in Yunnan is multi-level. The first form is one of trade fairs attended by inhabitants on both sides of the border. Border inhabitants with proper identification cards may cross the border to attend the trade fair on the other side by paying a border-crossing fee of 30 to 50 fen at the border checkpoint. At present, some of the trade fairs are relatively large in size. According to statistics, the number of border inhabitants who attended the trade fairs in the Hekou City amounted to 50,000 during the first quarter of 1992. The second form is small transactions. It is a form of non-governmental trade between business establishments on both sides. The great majority of the transactions are in

the form of barter with the value of goods calculated on the basis of renminbi. This is the major form of the border trade in Yunnan. The third form is local governments that designate certain companies to carry out trade.

To promote border trade, the state and Yunnan Province have adopted a series of border trade policies such as adherence to the "five self principle" (the principle of relying on oneself to look for supplies, do the marketing, carry on negotiations, shoulder the responsibility for one's own profit or losses, and achieve a balanced trade development) and the adoption of a policy to give preferential treatment to 162 types of commodities by reducing their customs tariff. To promote border trade, the province has also adopted the measure of integrating border trade with general trade (foreign trade), combine commodity trade with economic, technological and labor cooperation, and linking export-oriented border trade with lateral economic ties at home.

Right now, trade between the western part of the province and Burma is the largest border trade in Yunnan. The total volume of export and import trade in Dehong Dai-Jingpo Autonomous Prefecture which includes the ports of Ruili and Wanding reached 1.3 billion yuan during 1991, accounting for 80 percent of Yunnan's total value of import and export goods (1.64 billion yuan of which export goods amounted to 950 million yuan and imported goods totalled 690 million yuan).

Yunnan's primary export commodities to Burma are textiles, accounting for 70 percent of the total export value. Next on the list were articles of daily use (such as batteries, matches, detergents and rubber shoes) as well as food, beverages, household electric appliances, rolled steel, cement and so on. The primary import commodities to Yunnan are jewelry and jade stone which account for 30 percent of the total imported merchandise. Next on the list are lumber, rattan, marine products, bean, sesame, peanuts and so on.

With the development of border trade, Yunnan has also begun to strengthen its economic and technical cooperation with Burma and Laos. Negotiations have been actively carried on for projects such as sending workers abroad to help fell trees, grow cotton, excavate mines, and run cement factories and workshops for the repair and assembly of motor vehicles and tractors.

(2) Border Trade Spurs Overall Economic Development of Port Cities

The two port cities of Ruili and Wanding which border Burma are designated by the state as ones open to foreign countries. Due to their favorable geographical locations and convenient transport facilities, the border trade in the vicinity of these two cities is developing rapidly. All this has spurred the overall economic development of the two cities.

Ruili is close to Burma's Muse Township. The peoples in the two countries have maintained close ties and continuously developed their relations of friendship and good-neighborliness since ancient times. After the Burmese Law and Order Restoration Council took over Burma's political power on 18 September 1988, it has paid even greater attention to promoting border trade and stepped its efforts in building the Muse Township. Now, there is an attractive China-Burma street with well laid-out stores.

Since the Third Plenary Session of the 11th National CCP Committee, the border trade in Wandin City has flourished. The total volume of imports and exports in 1978 was only 1.8 million yuan. It increased to 30.89 million yuan in 1985, and reached 277 million yuan in 1991. The number of commercial establishments engaged in border trade has already increased from 16 in 1985 to 53 in 1991, which included six companies from other provinces.

Due to the vigorous development of border trade, tax revenues from various sources are also increasing. The continuous increase of revenues in Wandin City has provided abundant financial resources for the promotion of the overall economic development.

In short, the development of border trade has spurred the overall economic development in Ruili and Wandin. It has played an important role in benefiting the nation, helping people become well-to-do, enhancing friendship with neighboring countries and maintaining peace and security in the nation.

(3) Great Potential in Developing Border Trade

Although the economic foundation of Yunnan's three neighboring countries is still weak and their purchasing power is somewhat limited, these countries have rich soil, good climate, abundant resources in agriculture and forestry as well as plentiful mineral, marine and tropical resources. Via these three countries, Yunnan may enter the vast market in various other countries in Southeast Asia, South Asia and other countries in the Asian-Pacific Region. Many of the products in Yunnan cater to the needs of the consumers in neighboring countries. In addition, industrial products in Yunnan are rated high quality by neighboring countries. Economically, China and its neighboring countries complement each other. At present, both China and its neighboring nations are implementing the policy of opening to the outside world. All sides have the desire to strengthen their cooperation in economic affairs and trade. Although various nations are still not so abundant in foreign exchange, they may still expand their trade and economic and technical cooperation in various flexible ways such as barter and compensation trade. As for future prospects, there is great potential in developing the border trade between Yunnan and its three neighboring countries.

Naturally there still exist some problems in doing border trade in Yunnan. For example, Yunnan has had a trade

surplus with Burma for years while the Burmese currency has devaluated on a large scale in recent years. All these factors have affected the economic benefits of the commercial establishments. In some commercial sectors, there are signs of lowering prices in selling products and of offering higher prices in procuring goods in an effort to defeat competitors. Efforts must be made to strengthen macromanagement. The issue of communication and transport remains an important factor in hampering the development of border trade. Some highways, railways and bridges essential to the development of border trade remain to be repaired or improved. These problems have drawn attention from the Yunnan Provincial government and the governments of various autonomous prefectures and cities. The governments at all levels are adopting various measures to overcome the difficulties in the course of making progress. We believe that under the correct guidance of the central government in quickening our pace to carry out the reform and open policy, Yunnan's border trade will continuously reach a new height.

Yunnan Promotes Local Foreign Trade

92CE588B Beijing GUOJI SHANGBAO in Chinese
4 Jul 92 p 2

[Article by Hai Zhen: "Yunnan Province Promotes Foreign Trade in Line With Local Conditions by Accelerating Changes in Its Operational Mechanism"]

[Text] Since the beginning of this year, Yunnan Province has quickened its pace in changing its operational mechanism, and adopted a series of measures suited to local conditions to promote economic development in the province. During the first quarter of 1992, the value of its exports totalled \$106.8 million, an increase of 387 [as published] over the same period in 1991.

The major measures adopted this year by Yunnan Province are as follows:

—Rely on governments at all levels to bring into full play their enthusiasm in the promotion of foreign trade. From 1 January this year, the department of economic affairs and trade delegated the power of determining labor wages and doing financial accounting work to various cities, prefectures, autonomous prefectures and counties; and relied on the local governments and their work enthusiasm to promote foreign trade even more flexibly. With the coordination of the central government, it can solve its trade problems even more easily. In developing trade, it has firmly carried out the practice of "five integrations," that is integrating border trade with general trade, import with export trade, domestic with foreign trade, industry with trade, and technology transfer with trade.

—Make full use of Yunnan's geographical location and features to energetically expand border trade. Yunnan borders on Burma, Laos and Vietnam. With its fairly long border line, it is convenient for Yunnan to develop trade relations with these countries. The foreign trade

department in Yunnan has flexibly adopted various forms in carrying out border trading activities. In addition, the administrative work in handling economic affairs and trade has been delegated to various relevant local governments that have been permitted to participate in various activities in this connection and play their role in coordinating with all the departments concerned. All this has raised work efficiency. As a result, the trade volume has greatly expanded. During the first quarter of 1992, Yunnan exported \$12.82 million of goods to Burma, an increase of 38 percent over the same period in 1991. Exports to Vietnam and Laos also increased.

—Delegate the power of examination and approval of projects in the use of foreign investment so as to put such investment into use even more promptly. Kunming City, capital of Yunnan, is permitted to examine and approve any foreign investment project under \$5 million; a prefecture, city, autonomous prefecture or county is authorized to approve a similar project under \$3 million; and any of the five state-assigned ports including Hekou, Ruili, Mengla and Wanding is allowed to approve a similar project under \$2 million.

—Encourage enterprises to run factories abroad or set up factories on each other's territories. The provincial government decided that specialized companies authorized to do export and import businesses may run factories abroad or set up factories on each other's territories according to their own needs to provide their exports with enough logistic supplies. For example, one company which is now growing cotton in Burma has been shipping cotton back to Yunnan for processing into export products. Another company has opened up a cement factory in Burma and shipped back the cement produced for export purpose.

—Reduce the number of middleman in purchasing foreign trade products to lower the cost of exports. To reduce the number of middleman and pare down expenditures, a company engaged in foreign trade may directly purchase export goods from any factory or enterprise. According to statistics, companies engaged in foreign trade have procured two-thirds of their exports directly from factories and enterprises.

FINANCE, BANKING

Investment Bank To Set Up Stock Companies Abroad

OW1908122092 Beijing XINHUA in English
1057 GMT 19 Aug 92

[Text] Qingdao, August 19 (XINHUA)—The Investment Bank of China will soon start stock companies overseas, said Lu Xianlin, director of the bank, in a branch director conference held in Qingdao Tuesday.

The companies will involve businesses concerning securities, real estate and import and export trade, so as to

draw international funds and help Chinese enterprises to set up their ventures abroad.

Since its founding in 1981, the Investment Bank of China has been focusing on promoting the economic development of Chinese enterprises. Up to now, the bank has provided 1,240 domestic projects with 1.5 billion U.S. dollars of loans from the World Bank, the Asian Development Bank, foreign governments and commercial banks.

At present, the Investment Bank of China has set up 31 branches nationwide, and established business contacts with more than 200 foreign financial organs.

Beijing Orders Slowdown in Stock Market Growth

HK2108111992 Hong Kong MING PAO in Chinese
21 Aug 92 p 2

["Special article" by Wen Chen (5113 3791): "Zhu Rongji Criticizes Stock Craze, Beijing Orders Slowdown in Stock Market Growth"]

[Text] According to news from Beijing: Informed sources disclosed that, at a meeting held in the wake of a riot by Shenzhen stock investors, the State Council made a decision as follows: "Keep on experimenting, slow down." As a result, the first securities company scheduled to open in Beijing in mid-August has "temporarily postponed its opening," and Vice Premier Zhu Rongji even made criticism by saying "what should have heated up has not heated up and what should not have heated up has become overheated."

It is disclosed that the Shenzhen stock craze happened when a national forum on stockholding system held by the State Commission for Restructuring the Economic System was in progress in Beijing. After the meeting, the State Council held another two-day meeting to study the stock market issue but, by that time, the Shenzhen stock market disturbance had subsided.

Establishment of Stock Markets in Guangdong, Fujian, and Hainan Have Been Postponed Again

The source disclosed that both meetings were held according to the original schedule but the coincidence with the Shenzhen stock market disturbance changed the keynote of the meetings.

It is learned that Li Peng, Zhu Rongji, and Zou Jiahua, as well as all State Councillors in Beijing and those in charge of finance and the economy in all provinces and regions, attended the State Council meeting to study the stock market issue. At the two-day meeting, Li, Zhu, and Zou attended for one and a half days and made speeches.

The meeting had originally been scheduled to discuss the issue of opening stock markets in Guangdong, Fujian, and Hainan, and there had been no big problems. But, following news of the Shenzhen riot, in line with the spirit of "slowing down," it was decided that the matter

of setting up stock markets in three provinces still needed to be "strictly examined for better standardization" which means, in fact, that their opening will be postponed again.

Provincial-Level Leaders Attending the Meetings Were Discontented for Being Involved

This made some provincial-level leaders attending the meetings very discontented. They complained that since the problem happened in Shenzhen, other places should not be involved. A vice premier pointed out there and then: The stock market riot is like an "epidemic disease." If it has happened in Shenzhen, it may happen in other places as well.

Of the speeches made by State Council leaders, the one by Zhu Rongji was the sharpest and most conspicuous. He said: The central link in China's economic restructuring is enterprise reform. After Deng Xiaoping inspected the Shoudu Iron and Steel Corporation, the State Council delegated to the company three decision-making powers, namely, investment, financing, and foreign trade. Normally, since the regulations on changing mechanisms in state-owned enterprises were promulgated in July, the hottest topic now should have been enterprise reform.

Zhu said: Contrary to our expectations, judging from current public opinion and reality, enterprise reform, which should have heated up, has not heated up, but the bond and stock craze, which should not have heated up, has heated up again and again. Not that these crazes are not good, but there should be a limit, and we should keep to the major orientation. It now seems that stock markets do not make enterprises change management mechanisms through the stockholding system.

Zhu Criticizes Growing Speculation Which Brings Profits but Not Losses

Zhu criticized the prevailing situation on the mainland characterized by "growing speculation which brings profits but not losses." Many enterprises have made use of stocks to "get rich," but this does not bring any practical benefit to the development of the national economy. He pointed out: Some economists have warned against the practice of "hollowing out" [kong xin hua 4500 1800 0553] the mainland economy.

The participants saw it differently. Some held that Zhu's view on the stock market was too conservative and that he had not got rid of the ideological influence of the planned economy, and some held Zhu was worried about the slow progress in the enterprise reform which he had planned elaborately. It is generally held that the next few years will be a real test for the success or failure of the "Regulations on Changing Mechanisms in Enterprises" which he has formulated elaborately.

Although the meeting adopted a prudent and shrinking attitude toward the establishment of stock markets in various parts of the country, it still expressed continued

support for the stock market experiments in Shenzhen and Shanghai and encouraged them to "experiment resolutely and boldly." The Shenzhen city authorities indicated that they would "certainly conduct the experiment well."

SMALL-SCALE ENTERPRISES

Individual, Private Business Make Big Strides

*OW1908105292 Beijing XINHUA in English
1043 GMT 19 Aug 92*

[Text] Beijing, August 19 (XINHUA)—China's individual and private businesses have made remarkable progress since the beginning of 1992, as government at all levels across the country lifted restrictions on the business.

By the end of June this year, the country had 14.1 million families engaged in individual businesses, involving 22.37 million people. The figures show increases of 6.2 percent and 6.4 percent respectively over the same period of 1991.

Private enterprises passed 110,000, with 49,000 in urban areas employing 734,000 people.

In the first half of 1992, the total output value of industry, building and transportation of private enterprises stood at 8.79 billion yuan, with commerce, catering, service, repair and scientific consultation accounting for 4.48 billion yuan, increases of 19.6 percent and 38.9 percent respectively over last year's figures for the same period.

Zhujiang Delta Rural Enterprises Modernize

*92CE0578A Beijing ZHONGGUO XIANGZHEN QIYE
BAO in Chinese 24 Jun 92 p 3*

[Article by Chen Wenxue (7115 2429 1331): "Town and Township Enterprises in the Zhujiang Delta Build New Areas of Superiority, Establishing the Foundation for Guangdong Province To Overtake the 'Four Tigers'"]

[Text] The 90's are an important time for the modernization and construction of Guangdong Province. It is the time to race toward affluence, and to lay the foundation for catching up with the "four tigers" of Asia in the early part of the 21st century. The historical mission assumed by the town and township industries of the delta, which are the big players among the town and township industries of Guangdong Province, will be even more taxing. Objectively speaking, this requires that town and township industries in the delta adopt effective measures, as soon as possible, to solve present contradictions and problems, develop new areas of superiority, and accelerate the pace of development.

The central point of the strategic goal of developing toward "high technology, high output, high quality, and exports," is to absorb sophisticated new technology, use

enterprises armed with sophisticated new technology, achieve upgrading and transformation of the industrial structure, and to proceed toward the industrialization, commercialization, and internationalization of sophisticated new technology to create new areas of superiority for town and township enterprises.

Main Element Policy: An important prerequisite for technological progress to enter the economy, is for the enterprise to become the main element for technological progress and advancement. First, we must develop the role of technology to "penetrate." When advanced appropriated technology, and high technology penetrate into the adjustment of the product mix, a group of products that are high in technical content, highly efficient, and high quality are created. It should penetrate into an enterprise management system, where the focus is total quality management, working to establish a series of leading technological enterprises. It should penetrate into the contract responsibility system, and stock share system, so that enterprise reform will develop in a direction favorable to technical progress. It should penetrate into investments made by enterprises, so that technical transformation is in close coordination with the absorption and digestion of imported technology, and applied research closely coordinates with technological innovation. The development of technology markets should unite with the development of product markets, new capital goods markets, and new and reputable products of superior quality. Enterprises that use new technology and new equipment will perfect and upgrade the technology mix. Next, we must insist that enterprises coordinate the recruitment and training of skilled people, creating their own corps of technicians as soon as possible. They must make full use of the delta's present technological assets to attract, hire, and cultivate a corps of "initiators" in a resourceful manner. Through technical consultation, technical transfer, technical partnerships, technical contracting, and other means, the plentiful technical personnel at scientific and technological units, and at institutions of higher learning, can be recruited to enterprises to serve as specialized technical leaders. Next, because the delta has imported technical equipment on a large scale, from now on we must import technology strictly in accordance with fixed standards. At the same time, we must adjust the mix of imported technologies improve the ability of enterprises to innovate with imported technology, and to develop new technology on their own. Fourth, we must speed up the establishment of technological development organizations within enterprises. All large- and medium-sized industrial organizations should establish, and fully support, new product development organizations, establish high-standard facilities for development and testing of new products, and gradually make the transition to product development organizations for groups of industries. Fifth, enterprises should establish special funds for scientific research and development.

Structural Adjustment Policy: We must implement the guiding principle of division of labor between cities and

countryside, optimize the structure of town and township enterprises, and promote the upgrading and transformation of the industrial structure. We must cast off the crutches of "making up for omissions and deficiencies," and "willingly accepting a secondary role," boldly but gradually proceeding toward becoming large enterprises, and make the transition from being mostly light, labor-intensive industries, to a combination of light and heavy industry, mainly of the labor and technology intensive and the capital and technology intensive types. We must combine our strong points with those of large state-run industries, and gradually develop new leading industries, thus establishing a "triad" made up of the delta's town and township industries, state-run industries belonging to cities and counties, and large industries in key cities, and creating a rational pattern of division of labor. We must bring thoroughly into play the geographic advantages of the economic golden triangle of Hong Kong, Macao and the Zhujiang Delta, making use of the convenience of intercourse with the outside world in the coastal region to open seaports and zones for high-technology industries, mainly oriented toward electronic technology, modern biotechnology, new materials technology, and sophisticated textile technology. Our own strengths in natural resources, capital, information, and so on, must combine with scientific achievements, technology, and human talent, from China and from abroad, to develop sophisticated new technological industries of the knowledge intensive and capital intensive types.

Lateral Ties Policy: Lateral ties between town and township industries in the delta must be based on a comprehensive approach. Through scientific and technological progress, it must realize the advantages of forming enterprise groups, with the final objective of achieving economies of scale. The first thing is to open up to various districts and cities both inside and outside China; the second is to open up to economic organizations with various systems of ownership; and third is to accommodate various realms of endeavor, such as finance, trade, production, and science and technology. We must expand the raw material base, and extend to large- and medium-sized cities, special economic zones, and abroad. Our starting point must be high, and our objective must be clear. We cannot be satisfied just to balance production, supply and sales. Instead, our highest goal should be to concentrate on high technology, and developing new products of superior quality and good reputation. Our orientation should be to export and earn foreign exchange, and our vanguard should be products of good reputation and superior quality. We should each lend our strengths to others, by means of diversified integration backed by science and technology. Especially, we should establish the technological conditions for enterprise development by strengthening ties to scientific and technical units, institutions of higher learning, and some large and medium-sized state-run industries. In this way, we can gradually transform

lateral ties, originally made simply for the sake of survival, into strong technological ties, seeking technological upgrading and absorbing a great deal of nourishment for technological progress.

Management Policy: Making management modern and scientific is an objective requirement for scientific and technological progress at town and township enterprises. In micro terms, it is necessary to get rid of the empirical method of management, establish scientific management mechanisms, speed up the pace of innovation and technological progress, adopt international standards for the organization of production, and bring in advanced management and technological experience from outside China, so as to put enterprise management on the road to adopting standard procedures and legal regulations. In macro terms, we must spell out regional scientific and technological development guidelines and a short-term development plan based on down-to-earth research; we must rationalize organizational relationships, reduce management confusion; we must establish effective scientific and technological management organizations in cities, counties and villages; and we must improve the effectiveness of the scientific and technological work management system. Government departments at various levels must change their functions, adjusting and perfecting the details of the policies for encouraging enterprises to pursue scientific and technical progress, and establish a good external environment that is favorable to promoting scientific and technological planning.

CONSTRUCTION

Reform To Help Construction Industry Stanch Losses

OW1808181592 Beijing XINHUA in English
1458 GMT 18 Aug 92

[Text] Beijing, August 18 (XINHUA)—China will take measures to help the construction industry out of red ink, a bank executive said here today.

According to Zhang Qingyun, an official with the People's Construction Bank of China which supervises the finances of construction firms, as part of an effort to help the firms escape red ink, the People's Construction Bank of China has drafted a series of measures to reform financial management.

The reform measures will include the following:

- Merging heavily indebted firms that have no hope of escaping debt.
- Encouraging some workers to shift to service related industries to improve the working and living conditions in the industry.
- Providing financial backing for construction firms directly involved in real estate development, especially development related to commercial housing.

—Encouraging qualified construction firms to enter the international market by providing manpower and allowing them to undertake overseas construction projects.

—Pushing ahead with the implementation of share-holding companies.

New firms should be share-holding companies, while existing firms with several investors should be transformed into full-scale share-holding companies. Economically efficient firms will be allowed to offer state approved stocks to the public to raise funds for business expansion.

Zhang expressed hope that the measures will play a role in transforming the operational mechanisms of construction firms and help increase their economic efficiency.

According to Zhang, the bank will support efficient firms by extending loans and various other forms of financing.

While China has witnessed an increase in capital construction along with rapid economic development, the country's construction sector continued to operate in the red.

The number of loss-making construction firms operated by the state has dropped by five percent compared to last year's same period. He pointed out that even though total losses have been reduced by some 10 percent, firms operating in the red account for over 35 percent of the total number of firms in the industry.

In 1991, the net profits of state construction firms were 19 percent lower than in the previous year, with the profits retained for per worker falling to a decades low of 226 yuan (about 41 U.S. dollars), a drop of 14 percent from the previous year.

Zhang attributed the downward trend in economic turnover in the industry to the country's massive construction labor force, obsolete construction equipment, and the lessening scale of capital construction in recent years, as well as the strict state control of construction charges.

At present, some 24 million laborers work in China's construction sector, six million of whom work for state firms, while the major portion of the labor force is composed of surplus laborers from rural areas, or those working with collectives or private firms.

LABOR

Call for State Firms To Check Workers' Incomes

HK2108100392 Beijing CHINA DAILY in English
21 Aug 92 p 4

[By staff reporter Zhou Hongqi: "Enterprises Must Promote Self-Restraint"]

[Text] A self-restraint mechanism is required to check soaring nonwage income inside China's state-owned enterprises and to prevent state money from flowing into personal pockets.

So says Song Xiaowu, vice-director of the Institute for International Labour Studies affiliated with the Ministry of Labour.

He says it is urgent to reform relations between the state and enterprises in order to foster a mechanism that encourages enterprises to raise the value of their properties and restrict excessive and unreasonable rises in workers' incomes.

It has become a headache for the country's economy that enterprises often put too much stress on short-term benefits at the state properties' expense.

From 1978 to 1990, state workers' wages increased at an average rate of 7.3 percent a year while national revenue collected from taxes and income from State enterprises rose at 8.4 percent, according to statistics from the Ministry of Labour.

But bonuses, subsidies and allowances increased by a factor of 16 over the past 12 years, with an average annual growth rate of 26 percent.

In 1978, wages accounted for 85.7 percent of workers' total income but dropped to 54.8 percent in 1989, according to Song.

Nonwage income (bonuses and other perks) encroaches upon profits, drives up production costs, diverts development funds and swallows ready cash and working capital, he says.

Such income also causes increased labour costs, Song added. It is estimated that China's actual labour costs account for 15 percent of total costs, while in Japan the figure is 13 percent.

Song attributed the problems partly to the "partial implementation" of the reform of separating government administration from enterprise management, which is intended to maintain State ownership while giving management power to enterprises.

Reforms have focused on decentralizing power and stimulating enterprises but have failed to promote self-restraint within enterprises, Song says.

He explained that after the separation of ownership and management power, enterprises' funds are divided into two parts: State funds and those of the enterprises themselves.

He said that then it often happens that enterprises and workers, with management power but without any self-restraint, tend to reduce investment but increase wages.

This is one of the root causes for the financial losses of state-owned properties and the unchecked rise in personal incomes, he says.

While the state still controls the wage scales of enterprises, nonwage incomes are not controlled. The number of bonuses, subsidies and allowances have soared and are almost out of control.

The state is in a dilemma: if it has a hand in the internal distribution of funds inside enterprises, that goes against the principle of not interfering in the internal management of enterprises. However, if it brushes the problem under the rug, things will get out of control in a big way.

To solve the problems, Song suggests, reform should start with the relationship between the State and enterprises and the establishment of a self-restraint mechanism within enterprises.

The use and ownership of state-owned properties should be divided between the state and the enterprises respectively.

Enterprises, with the 'user rights', are responsible for all production. This will untangle government administration and enterprise management, Song says.

The state levies taxes on enterprises as macroeconomic administrator and collects interest on loans as owner of the state-owned properties.

Enterprises keep the earnings as their own funds after paying taxes and interest.

If enterprises invest their own funds in production, Song says, they should own both components of the newly-formed means of production.

The state, which would not own this additional means of production, would only be entitled to collect taxes, and nothing else.

Thus, the original solely-state-owned enterprises will gradually become mixed public-ownership entities jointly owned by the state and the enterprises, he says.

The investment of enterprises' own funds will produce long-term benefits for workers. Enterprises will be eager to invest in their properties and hold the line on workers' incomes.

Then, a self-restraint mechanism will be established inside enterprises to stop losses in state-owned properties and stem decreasing profits caused by unchecked rises in personal incomes, Song says.

POPULATION

Extra-Birth Motives of Peasants in Impoverished Areas

92CE0587A Beijing ZHONGGUO SHEHUI BAO
in Chinese 3 Jul 92 p 3

[Article by Yu Rijin (0060 2480 6930): "Why Do They Persist in Having Extra-Births - A Survey of Extra-Birth Motives of Peasants in Impoverished Mountain Areas"]

[Excerpt] [passage omitted] We chose Jinchuan village as the main survey site, one of 30 key family planning centers located in the poorest, most remote and mountainous area in She County, and carried out a survey of extra-birth motives among peasants living there. We arrived at a preliminary understanding of several major extra-birth motives after interviewing and conversing with some 50 couples who have had extra-births.

1. Extra-Births To Carry on the "Ancestral Line"

Due to the influence of China's feudal society over thousands of years, the feudal idea of carrying on "the ancestral line" has deep roots in rural areas, particularly in the culturally backward and economically impoverished mountainous areas. "Not having children is the worst of three nonfilial acts that dishonor one's parents"; therefore it is inconceivable that anyone would allow "the line" to be terminated. At the same time, because of deep-seated preferences for boys over girls, having a child to carry on "the line" simply means having a boy. With a male child, "the line" goes on, while most peasants equate a female child as the end of "the line." This situation creates special difficulties for peasants in impoverished mountain areas. On the one hand, it creates pressure on the peasants themselves; they feel that not having a male child means they have dishonored their ancestors. On the other hand, the pressure also comes from the community, where people look down on households without male offsprings. Such households are considered to have no status whatsoever. Therefore, in impoverished mountain areas, controlling births in households with two female children is next to impossible. These households proportionately account for more of the extra-births; they are the "most stubborn" among peasants households with extra-births, for they will persist and "not give up until they have a male child." Even when they already have three to four female children, they will find ways to hide and give the extra-births. In cases where fathers have been sterilized, the mothers will have extra-births with "borrowed sperm" by artificial insemination. They want to raise a male child even they don't meet any child-rearing conditions. In short, to continue "the line," they will scheme and sacrifice anything to have children. A middle-age couple whose oldest daughter is about to be married, nevertheless leaves home and goes into hiding with the band of "extra-birth guerrillas" until they produce a "precious male heir." As for why they want the extra-birth, they said: We know about family planning, but having a male child is a must; we cannot let our "line" be terminated; we must try to have a male child and we will keep trying until we can't have any. We believe heaven will not allow our "line" to end. If we can't give birth to a boy, we will figure out some way to buy one. When we do have a boy, it does not matter how the government may punish us. Finally, this couple said contentedly: "After we give birth to a boy, we will not have lived in vain."

2. Extra-Births for Labor

In impoverished mountain areas, culture is backward and environmental conditions are often severe. Rocky mountainous areas lack water sources, and peasants do not even have the basic means for their livelihood. Productivity is low, and some areas are still working with the standard of "one hoe and three bunches of beans." Considerable labor strength is required from carrying water to chopping fire wood. Because of low productivity and primitive management of agricultural production, peasants economic benefits are directly related to the amount of labor input. More births lead to greater labor strength. Therefore, peasants often rely on having more children, particularly more males to shoulder a greater share of labor, to maintain their basic livelihood. At the same time, given limited economic development, and lacking a workable social welfare program in rural areas, peasants rely on their children to care for them when they are old and feeble. At present, on average one working peasant in China can only support 0.7 retired peasant. That standard is much lower in poor mountain areas. Therefore, having more children as insurance for one's old age is one of the extra-birth motives of peasants. An extra-birth couple living in the mountain with limited transportation access said: If we don't have a few more children, who will do the work? Let's say, who will carry back the thousands of kilo of unsold grain each year so that we can eat, to say nothing of who will feed us when we are old?

3. Extra-Births To Achieve "Life of Contentment"

In the minds of many peasants in mountain areas, the ideal "life of contentment" is expressed by such sayings as "there is no family without a boy, and no kitchen stove without a girl," "one boy and one girl are like a spray of flowers," and "a prospering family is a house full of children and grandchildren, and the dream of happiness is sucking candy while carrying a grandchild." Thus, after giving birth to a boy, they want a girl; after a girl, a boy, the more of them the better, for happiness comes to those whose children and grandchildren fill the family hall. After several generations, single-male peasants households (i.e. with only one male child) are particularly eager to have more children, despite their low economic standing or poor livelihood; if only they can raise several children, they feel they will be happy and content. In the mountain, we met an emaciated-looking peasant couple, dressed in tatters, living in a hut which hardly keeps out the rain and wind, and raising four bean-sprout thin children. We said: Won't your life be easier if you had fewer children? The couple replied: We have been a single-male family for three generations, despite past efforts to enlarge the family; it is not easy that we now have three boys and a girl, but heaven is looking after us. Yes, life is hard, but out of our hardship will come a large family. As they spoke, their aging eyes brightened and shone with pride; they added: Just wait till the children are grown, everything will gradually be better for us.

4. Extra-Births as Insurance Against Unforeseeable Events

Due to adverse factors of substandard food and nutrition, inadequate medical and health care, poor living conditions and intermarriage among close relatives, the illness and death rates are relatively high among peasants in mountain areas, and the proportion of mentally retarded children is alarming. Illnesses in mountain areas tend to be more serious and the illness rate is rather high. Because of the lack of doctors and medicine, and other economic constraints, quite a few children die without timely medical care. Among mentally retarded children, the more serious cases "do not know enough to get out of the rain, or stop eating when they are full; they only giggle and grin at people, drooling at the mouth." Therefore, some peasant couples, to insure continuity of "the line" if their children happen to be born with defects and handicaps, will try all ways to have a few more, counting on the larger number as insurance against any unforeseeable events. Peasant households with children who are sickly or born with defects will aggressively try for extra-births. One such couple living in a mountain village said: Of our three children, one was born with a congenital heart problem, one was retarded, and one is alright, but who can guarantee there will not be problems from now on; so while we still can, we are going to have a few more children, otherwise, no matter how much we may want to, we can't have more children later.

5. Extra-Births To Avoid Intimidation

Over a period of time, the education of peasants was neglected, particularly in the legal area, with the result that peasants have little understanding of this subject. In some households where peasants have several brothers and children, they will throw their weight around in the village on the basis of the size of their clan. Because of poor administration, illegal actions are often not dealt with properly. In addition, some peasants end up supporting the village strong men and accepting their dictate. At the same time, small peasants households want many children for the same reason; they expect that when the children grow up, they will have the manpower to protect their own benefits; some even hope their sons will "avenge old grievances" and become the village heroes. A peasant couple put it this way: Because our family has few brothers, other families take advantage of us, and we have had to keep quiet when others bully us. The family next door was always bullied by others, but they are now in good shape with five strapping sons who standing tall are like a brick wall. Others are afraid just looking at the boys, to say nothing of trying to take advantage of them. In some matters, too, what the boys say now goes. So we want to have children, and we must have a few boys; by the time [they grow up], let's see who will dare to bully us."

6. Extra-Births To Avenge "Injustice"

For a period of time, political ideological work was not adequately carried out in rural areas. With the basic

changes brought about by rural reforms, some grass-roots cadres are not able to keep abreast of the changes, but rely on administrative orders to deal with some problems, using rough and simplistic methods without doing any detailed ideological explanatory work. As a result, misunderstanding develops between them and the peasants; some peasants even develop a feeling of antagonism. Some of them then vent their feeling of antagonism by having extra-births to make the cadres' work even more difficult. A couple who was dissatisfied with the village government's handling of a dispute said: The government ignores our views in dealing with this dispute, so we give birth to a child to make things difficult for them. Such people mistakenly use "extra-birth" as a counter-measure against the government. Some couples do not think of having another child, but see other peasant families having "extra-births," and the government not being able to deal with them in a timely fashion. They feel there is injustice, and that they will be cheated unless they do likewise, so they then figure out some way to have an "extra-birth." A couple put it this way: We originally were not planning to have a child, but having one takes "one stroke of the knife" (tying the tube), not giving birth also takes "one stroke"; still it pays to have a child, for after all the government can't do anything about the extra-births anyway.

7. Extra-Births Due to Ignorance

In some impoverished mountain areas, family planning work is not properly carried out. The masses lack adequate understanding of the family planning policy, and know little about contraceptive methods. Without adequate ideological indoctrination, these people take a who cares attitude about having children: when they are pregnant, they give birth. An extra-birth couple explained in this way: "We originally did not plan to have the child, but we didn't know what measures to use. When she became pregnant, we felt it was best to go to the hospital to induce labor. For one thing, the farming season cannot be delayed; for another, we don't know how to deal with the expenses. We can't pay a cent ourselves. In other words, without anyone to do the work at home, we muddle through half a year, and before long the child is about to be born. Yes, it's a hard life all right; we can only add an extra scoop of water [to the soup] and toss in another bunch of vegetables; no matter, at least we have our child." [passage omitted]

TRANSPORTATION

Vice Minister Discusses Hebei Railroad Construction

SK1808143992 Shijiazhuang HEBEI RIBAO
in Chinese 10 Aug 92 p 1

[Text] The 17-member group, including Sun Yongfu, vice minister of the Ministry of Railways; and Guo Lin, director of the Beijing Railway Bureau; arrived in Shijiazhuang City on the afternoon of 9 August to hold talks with the provincial authorities on handling the issues of

joint venture, land requisition, dismantlement, and line design in building the section of railway between Beijing Municipality and Hong Kong's Kowloon. The group will also conduct fact-finding tours among areas that are designed for building the section in the province.

Beijing Municipality is the railway's north starting point and Hong Kong's Kowloon is the south point. It is 2,730 km long and is a large artery railroad that runs through both northern and southern China. The section to be built in Hebei Province is 370 km. The construction of Jing-Jiu Railway will not only relieve the strained transport situation along the Jing-Guang line but also play a promoting role in developing the province's economy.

On the evening of 9 August, Vice Governor Ye Liansong hosted a reception in honor of Vice Minister Sun Yongfu and his entourage, during which he said: "Over the past many years, the Ministry of Railways has given vigorous support to the construction of the province's key projects and local railroads and to the province's daily railway operation. The provincial party committee and the provincial people's government will also provide vigorous support for this construction as they did for the Da-Qin Railway construction."

Transportation System Deepens Reform

*OW1908091492 Beijing XINHUA in English
0849 GMT 19 Aug 92*

[Text] Beijing, August 19 (XINHUA)—The Ministry of Communications released recently a series of methods to deepen the reform of the country's transportation system and establish a nationwide market of communications.

The ministry will allow maritime transportation enterprises under its jurisdiction to handle a portion of transportation according to market regulation, while it controls the remaining transportation of enterprises.

The ministry will allow all domestic shipping companies for foreign trade that have good management to run international maritime transportation routes.

The ministry decided to invite international shipping enterprises to set up solely funded or joint-venture shipping companies in China. The country will also open highway and river transportation markets to overseas investors.

The ministry will encourage foreign investors to build and run decks, special sea routes and highways in the country.

Li Tieying Urges Reforming Adult Education

*OW1408151292 Beijing XINHUA in English
1442 GMT 14 Aug 92*

[Text] Beijing, August 14 (XINHUA)—China should expand reform of adult education in order to bring about more rapid development of the sector, according to a high-ranking Chinese official.

Li Tieying, state councillor and minister of State Education Commission, made the remark today at the closing ceremony of the four-day national conference on adult education.

Li said that reform of adult education, a sector which has boomed in China in recent years, is suited to the development of socialist economic construction, and is attracting greater attention and input.

He pointed out that the concept of the state sponsoring all educational projects must be changed. However, the state will continue to encourage and support the opening of schools, and will support enthusiasm for sponsoring the development of on-the-job technical education.

He said that the state will continue to administer diplomas, since the issuance of diplomas must be strictly in accordance with standards designed to ensure the integrity of formal education in China. According to Li, the reform will establish two systems of education, one a diploma oriented education and the other a nondiploma, or on-the-job training, education.

According to the minister, adult education in the future will be administered by different local governments, while the central government will exercise macro-management over adult education by use of legislation. A scientific and sophisticated diploma appraisal system must be devised in accordance with China's actual situations.

The minister expressed hope that local governments will pay closer attention to and support the development of adult education, and will adopt various measures to arouse the enthusiasm of social forces in operating schools, thereby ensuring that adult education better serve the demands of the country's opening policy and development.

Deputies attending the conference discussed a number of questions for further reform and developing the country's adult education. They also drafted a series of new policies and measures to encourage the development of adult education.

Universities Receive More Decision-Making Authority

*OW2108143692 Beijing XINHUA in English
1410 GMT 21 Aug 92*

[Text] Beijing, August 21 (XINHUA)—China's State Education Commission has decided to expand the decision-making power of the tertiary institutes so as to deepen educational reform.

An official of the commission said that the decision aims to streamline the relations between the government and universities and colleges so as to establish universities' status as legal persons and further clarify their rights, obligations and interests.

He stressed that the expansion of the decision-making power will enhance the vitality of the universities and colleges so as to meet the demands of economic construction and social development.

The decision noted that universities and colleges can decide and readjust their disciplines and subjects in line with the development of the disciplines and social demand.

They will be able to have self-supporting undergraduates up to 25 percent of the total enrollment.

They will also be able to run relevant industrial entities.

They are encouraged to increase by 25 percent the number of adult students at their night schools and correspondence schools, and to run various kinds of training classes.

They can collect their own funds for the construction of classroom buildings and other building projects.

The universities and colleges can decide by themselves ways of distributing allowances and conferring academic titles.

In addition, they will be able to enroll foreign students directly.

The decision also expands the powers of the universities and colleges in official appointments, approval for students' applications to study abroad and faculties' participation in academic exchanges with foreign counterparts.

Labor Officials Call for Social Insurance Reform

*HK1708025092 Beijing CHINA DAILY in English
17 Aug 92 p 4*

[From the "Opinion" page by Cai Hong: "Basic Reforms Needed in Social Insurance System"]

[Text] China's social insurance system needs to be expanded.

Only 150 million people now pay for social insurance, which is negligible compared with the nation's large population—1.16 billion.

Social insurance is a broad term that encompasses, among other things, health, retirement and unemployment insurance.

While the number is small, the fact that there is even that number signals an ideological change in China, which has long been complacent about social insurance because of its broad, government-backed welfare system.

Some experts say a comprehensive social insurance system would help China's growing economy.

"An adjustment in social insurance would make labour mobility easier," said Ge Man [name as published], director of the Social Insurance Department under the Institute of Labour Studies.

Social insurance could act as a "safety valve," to help ensure social stability.

The adjustment of the social insurance system has lagged behind the economic reforms in China.

The nation's system of social welfare was initiated early in the 1950s. It offered the employees in state-owned work units generous welfare items like housing and free medical care.

In the past decade, numerous collectively-run and private firms have sprouted up, which has helped to accelerate the nation's economic development, thanks to the economic reforms. However, the employees in these firms, to a large extent, are still excluded from government-backed insurance schemes.

Employees in urban collectively-run enterprises increased to 35.49 million in 1990 from 20.48 million in 1978. Workers in private and joint ventures totalled 1.32 million in 1990, and the number has grown rapidly since then. The number of the self-employed in urban areas stood at 6.7 million.

"The reform of our social insurance system should aim to create equal footing for all Chinese citizens to have a share in the nation's insurance schemes regardless of the ownership of their work units," Ge said.

More importantly, the betterment of social insurance without significant differences between privileged state-owned enterprises, collectively-run, private and joint ventures will help labour become more mobile.

Actually, China has no alternative but to adjust its social insurance system.

A geriatric "nightmare" is approaching in the nation. The number of retirees in China—retirement is at 60 for men and 55 for women—has surpassed 24 million, equivalent to the total population of Australia.

Demographic experts say the figure should hit 35 million at the end of the century and will reach a peak in the 2030s.

The hefty growth of the aging population means that the central government has to increase its pension budget. The State pension expenditure is estimated at 10 billion yuan (\$1.9 billion) by the year of 2030.

Five Chinese provinces and cities in China—Jiangsu, Zhejiang, Beijing, Shanghai and Tianjin—have already begun feeling the effects of an aging society. That is hardly music to the ears of other parts of the country.

One way to plan for the big increase in retirees is to pile up an appropriate amount of money for pensions, said Ruan Chongwu, minister of Labour, in the Beijing-based magazine Seeking Truth [QIUSHI].

In 1984, an over-all pension-raising scheme was initiated in China so as to create favourable conditions for enterprises to compete on comparatively equal footing.

In Beijing, for example, a plan to increase funds available for pensions started at the end of 1986. State-owned enterprises turned in 16 percent of their payroll while the proportion for collectively-run firms was 25 percent.

The newly-born unemployment insurance scheme has covered collectively-run firms and joint ventures. Statistics showed that 420,000 enterprises, government organs and institutions had taken the unemployment insurance policy at the end of 1990, including 6,922 employees in joint ventures. They had raised insurance funds of 2.6 billion yuan (\$481 million).

It is important to increase the awareness of insurance in China. Many new enterprises that have a young staff are too near-sighted to take the insurance policy.

"A social insurance law should be enacted to enforce the mandatory insurance schemes," Ge recommended. That is to say, all enterprises and institutions should pay money to raise social insurance funds.

The reform in China's social insurance system should have been prompted from above in the central government. The reality, however, is that local governments took the lead in adjusting their welfare patterns. There is, as a consequence, a great diversity of insurance systems throughout the nation.

"Such insurance schemes are hard to transfer from one employer to another, so workers in work units that offer good welfare programs avoid changing jobs," Ge commented.

Management of the insurance system is confused. The Labour Ministry is in charge of insurance for the employees in urban enterprises, while the Personnel Ministry controls the insurance for the employees in urban institutions. The Ministry of Civil Affairs oversees the pension of rural residents and allowance to the disabled servicemen and family members of revolutionary martyrs. Insurance companies also have a share in the business.

Such conditions have ushered in friction between the different departments.

The Institute of Labour Studies advanced two proposals for the administration of the nation's insurance system.

One plan is aimed at maintaining the status quo. To act as a co-ordinator, a temporary social security committee headed by a Vice-Minister or State Councilor should be initiated. The routine duties would still be transacted to the hands of the ministries of labour and civil affairs.

The other scheme was to establish a "Labour and Social Security Department" which would monopolize all the insurance items.

The scheme aims to bring the nation's diverse insurance patterns into line. According to the institute, 49 countries around the globe are adopting similar schemes. The institute suggested that rural insurance should still be controlled by the Ministry of Civil Affairs.

The institute recommended where insurance funds should come from.

Pension and medical care insurance should be borne by the State, work units and individuals.

Enterprises should bear the cost of industrial injury and unemployment insurance, which will be subsidized by the central government.

Police Crack Down on Railway Crime

*HK1308092492 Beijing CHINA DAILY in English
13 Aug 92 p 3*

[By staff reporter Xie Yicheng: "Crackdown on Railway Criminals"]

[Text] In a campaign to make rail travel more safe, police in China have staged a crackdown against crimes on passenger trains since May this year.

The campaign has cracked 5,257 criminal cases, including 1,469 serious ones, and caught 7,605 criminals, according to a report from the Ministry of Railways.

The booty included 43 firearms, 1,441 bullets, over 20 kilograms of heroin and opium as well as 8.5 million yuan (\$1.57 million) in stolen cash and goods.

A series of gangs who used to steal from passengers on trains have fallen into the net, according to railway security authorities.

Shanghai railway police cracked a gang from Baotou, Inner Mongolia, that committed frequent crimes, such as theft, drug smuggling and trafficking along the Beijing-Shanghai railroad.

Over the past three months, police have smashed 613 gangs.

As a result, the frequency of thefts on trains declined by 28 percent in June over the May rate, allowing the travelling public to feel much safer.

In the meantime, public security agencies cracked 52 cases of railroad telephone-wire theft and the frequency of such cases fell by 33 percent compared to before the campaign.

Railway police hid on many successive nights along railroad crossings in mountainous regions near Nanning and Pingxiang in Guangxi Zhuang Autonomous Region, and eventually caught a five-member gang responsible for 24 wire-cutting cases.

Now the crackdown has reached 42 railway stations, 60 passenger-train routes, and 32 railway sections.

Fund Established for Scientific Researchers

*OW1808113292 Beijing XINHUA in English
1123 GMT 18 Aug 92*

[Text] Beijing, August 18 (XINHUA)—China has decided to establish a fund this year for outstanding scientific researchers under 45.

The National Natural Science Fund Committee announced the rules for the fund yesterday.

The fund will provide financial support for two to three years with awards ranging up to 100,000 yuan a year. The applicants need to select their own research tasks.

Five special fund items will be established this year. Another four including support for returned personnel from abroad are expected to be published in the near future.

Public Security Organs To Serve Economic Construction

OW1308043092 Beijing XINHUA in English
0400 GMT 13 Aug 92

[Text] Beijing, August 13 (XINHUA)— Public security organs should speed up the pace of reform to serve the ongoing economic construction in the country, Tao Siju, the minister of public security, said yesterday.

At the opening of a national work conference on public security, Tao said that public security officers should strengthen their sense of serving economic construction when handling cases and accidents, maintaining public security, processing exit and entrance formalities and other licenses.

Chinese public security organs at all levels have taken steps to improve their work this year. They have dismantled check posts along highways, simplified exit formalities and officers have been told to stop engaging in trade and running enterprises.

Tao said that the public security organs will continue to adhere to the four cardinal principles and take tougher measures against crime in a bid to provide a better environment for reform and opening to the outside world as well as economic development.

Zhejiang MD Political Director on Enterprise Militia

92CM0343A Beijing ZHONGGUO MINBING
[CHINESE MILITIA] in Chinese No 5, 9 May 92 p 16

[Article by Chen Lujiu (7115 4409 0036) Political Director of the Zhejiang Province Military District: "Give Full Play to the Role of the Militia in Enterprise Intensification of Reforms"]

[Text] With the gradual intensification of reforms in large- and medium-sized state-run enterprises, the work of the city-based militia and ready reservists, an integral part of national defense, has met many new situations and problems. Under these circumstances, the questions of how to further strengthen construction of the reserve forces and how to advance and develop the work of the militia and the ready reserves in enterprises have been thrust into the laps of all comrades who are engaged in and concerned about the construction of the reserve forces.

1. The development of enterprise militia work must proceed on the basis of doing that which serves to intensify enterprise reforms. In large- and medium-sized state-run enterprises, reform intensification, which takes as its primary focal point the transformation of management mechanisms, is bound to present certain pressures and difficulties for militia and ready reserve work in the enterprises. Consequently, comrades engaged in this sort of work may easily experience certain anxieties and trepidations. For example, will expanded enterprise

autonomy affect how militia work structures and organizations are set up? Will the system of having enterprise cadres select and appoint personnel affect the relative stability of the militia cadre contingents? Will the remuneration systems of piecework and pay according to technical skill affect the income of an employee who takes part in militia organizations and activities, and in turn, will this hinder the ability of militia organizations to attract participants? Will enterprise leaders remain concerned about and support construction of the national defense reserve forces as they have in the past? The questions are endless. Faced with such misgivings and doubts, if we completely ignore the broad-based intensification of enterprise reforms and instead blindly emphasize the importance of reserve force construction, not only will the process of reform intensification in enterprises be affected, but in the end it will make it difficult to implement militia work. If we cower and relax or even abandon our efforts in this work, then enterprise-based national defense reserve force construction will be crippled. Comrades on the battlefield of reserve force construction are in charge of solving these problems, and to do so will require that they set their thinking straight. First of all, they must firmly inculcate the idea that enterprise militia work shall conform to the requirement of serving the broad-based reform intensification in enterprises. Reform intensification in state-run large- and medium-sized enterprises concretely manifests the implementation of the party's line of "one center and two basic points." It is the only path by which enterprises can extricate themselves from perilous positions and strengthen their vitality. And it is broad-based economic construction. Development of militia and ready reserve work in enterprises must stick closely to this broad-based process, such that the militia is organized and thrown into the central battlefield of enterprise reform. Second, our comrades must be fully aware of the fact that intensified enterprise reform does not conflict with enterprise militia work. Instead, the two processes enjoy a symbiotic relationship. Intensified enterprise reform and heightened economic results can provide material conditions for development of militia work. Strengthened militia work in enterprises can create stable conditions and provide effective strength and positive factors for enterprise reform intensification. Third, we must take full advantage of the new opportunities that enterprise reform intensification provides for militia work. Enterprise reform intensification presents new circumstances and issues for militia work and at the same time it can arouse new powers and inject a new vitality.

2. Enterprise militia work is a major catalyst in enterprise intensification of reforms. To ensure a smooth course for enterprise intensification of reforms, in addition to the necessity of having good policies and measures, we must also have highly skilled super-achievers within enterprises. The militia acts as the vital force in an enterprise. The backbone of the militia is the backbone of an enterprise. The militia contingents are tightly organized, highly disciplined, and skilled at mobilizing

to get a job done right. These very features and strong points are precisely what are required for enterprise intensification of reforms. The experiences of numerous units have proven that if we conform our action to the requirements of specific situations, if we give full play to these strong points, and if we make wise use of militia contingents, then we will be well prepared to fully display our skills in the undertaking of enterprise intensification of reforms. Based on what I saw while doing investigations in Hangzhou City, numerous people's militia departments have made useful attempts and gained initial results in these areas. I will summarize my findings by noting the following forms that the results took. First, in the area of more rigorous enterprise management, when full play is given to the strong point of highly disciplined militia organization, those militia members who take part in enterprise management end up exerting a model role. Second, in the area of new product development, when full play is given to the strong points of militia youthfulness, zest for study, and willingness to do intensive research, those militia members who work in technological fields and in product development end up being the ones who tackle key problems. Third, when difficult and dangerous missions are being completed, giving full play to the militia's strength in mobilizing to get a job done right means that militia members will be on the spot at crucial moments to act as a vanguard in spearheading the attack. Fourth, at the work site, giving full play to the role of militia members as exemplary models means that the particular group in question will grow more competitive in their production. Fifth, in the area of enterprise intensification of reform, giving full play to the strength of militia members in being well-cultured, ideologically liberated, and skilled at motivating means that militia members end up playing the role of propagandists in enterprise intensification of reforms. Also, in many units and organizations, militia have launched "five-ones" programs. These programs require that, in the course of enterprise intensification of reform, militia members would ideally do the following: Perform one good act to benefit the enterprise, strive to heighten their vitality and participate in one reform experiment, seize the initiative by proposing a rational way to improve one thing, hone their skills by practicing one basic and useful technique, and make a contribution by each person saving the plant 100 yuan. These measures and methods all exert a positive, promotional effect on enterprise intensification of reforms.

3. When, in the course of enterprise reform intensification, enterprise militia work runs into problems, the work itself must be reformed to solve problems. If enterprises must intensify reforms, then militia work must also follow the path of reform by reforming itself to solve the new problems facing the militia work. To this end, all comrades of every level who are engaged in reserve force construction must break free from the old methods and reform their thinking, boldly innovate, and tirelessly search out the path that will develop militia work during enterprise intensification of reforms. First,

they must firmly establish ways of thinking that get results despite their lack of traditional recognition, they must organize and mobilize the militia to contribute wisdom and creativity to the undertaking of enterprise construction, and they must gain the concern and support of enterprise leaders for militia work. Second, military organs at every level must earnestly work to transform their working style, penetrate deeply into the first line of the enterprises, work together with enterprise leaders and key militia members in studying and discussing new paths for enterprise militia work, and strive to ensure that, from a policy and systems standpoint, enterprise militia members play a positive role in reform intensification. Third, the launching of enterprise militia activities must be closely coordinated with enterprise work so as to avoid having a "double layer of skin"-type of situation develop. Fourth, when setting up enterprise militia organizations, care must be taken so that organizations make adjustments when enterprise mechanisms adjust and so that the militia contingents retain abundant life and vitality at all times.

Yunnan PAP Chief on Mission, Economic Role

92CM0375A Kunming YUNNAN RIBAO in Chinese
13 Jun 92 p 3

[Article by Si Jiuyi (0674 0036 5030), chief of the Yunnan Provincial People's Armed Police (PAP): "Take the Initiative To Subordinate Ourselves to and Serve the Vital Needs of Economic Construction—Safeguard the Reform and Open Drive on the Frontier"]

[Text] Under the new circumstances of opening to the outside world and invigorating the economy, the vast numbers of officers and men of the Yunnan PAP have taken the initiative to subordinate themselves to and serve the needs of socialist economic construction. By giving full play to their functions and faithfully fulfilling their duties, they have created a favorable social environment for Yunnan's reform and open drive, winning praise from all levels of the local government as well as the people of this frontier province.

The armed police is a unit established amid the tides of reform. It is a special armed force undertaking the responsibilities of defending our national sovereignty, safeguarding social order, and striking at criminal offenses. Because of its special functions and tasks, the armed police must shoulder the important historical missions of safeguarding reform and maintaining social stability. To fulfill these missions, the Yunnan PAP Party Committee has acted seriously in accordance with the guidelines contained in the relevant instructions of the party committee of the Chinese PAP Headquarters, the Yunnan Provincial Party Committee, and the Yunnan Provincial Government. In strict accordance with the headquarters' work principle of "grasping the two ends with both hands" and complying with the requirements of "up-to-standard political quality, perfect military skills, fine workstyle, strict discipline, and

effective protection" set forth by Central Military Commission Chairman Jiang Zemin, it has proceeded with the all-round implementation of "Program for Grass-roots Armed Force Construction." While ensuring successful performance of preassigned duties, it has made positive efforts to reinforce the mobile units and see to it that every officer and man of these units is more resolute politically and more competent in military skills, has a firmer workstyle and a stronger physique, and can stand all kinds of tests. In addition, it has put forth hard and strict demands, sought the truth, taken concrete steps, and made real and solid efforts in a bid to build all units into up-to-standard units and train every officer and man into a qualified guard. To ensure that every task is put on a solid basis, the Yunnan PAP Party Committee has changed its workstyle by shifting the focus of attention to the grassroots and looking closely into the realities to have the work done. It has assigned and adjusted manpower to meet the requirements for maintaining social order, fighting against smuggling and drug trafficking, and guarding key spots. Above all, it has acted on its own initiative to subordinate itself to and serve the needs of Yunnan's economic construction, and protected the drive for the local people's affluence as well as the prosperity of this frontier province.

Yunnan is located on the southwest frontier, where the struggle for social order is very complicated. Also, because it is situated at the forefront of anti-smuggling and anti-drug struggles, its tasks are extremely arduous. In the struggle to maintain social order and strike at lawless criminals in this frontier province, the broad masses of officers and men have been firm in their position, feared no hardship, and played to the full their role as "fists" and "daggers." In the anti-smuggling and anti-drug struggles, they have never fallen short of their missions, but have fought battles of wits and courage with the smugglers and drug dealers. The numbers of officers and men participating in these struggles on various occasions have totaled 12,000. They have thus dealt relentless blows at the drug-trafficking crimes. Meanwhile, a number of advanced individuals have emerged. Following the nation's 10 outstanding youths and superb anti-drug police Yang Lu, there have appeared Cheng Hao, cited as the "Guard of Yunling," and Huang Keli, Liao Quanzu, Xu Hongwei, and Xu Qin, who are well-known to the people of all nationalities in Yunnan as vanguards in cracking down on smuggling and drug trafficking and in striking at various kinds of lawless criminals.

In faithfully serving the needs of reform and opening up, striving to maintain overall stability, and creating a favorable external environment for the economic construction of this frontier province, the Yunnan PAP has successfully fulfilled its regular work targets and performed the guarding, protecting, security, and escorting duties as required. It has also stationed guards and set up new sentry posts at key locations and in big enterprises, and successfully carried out the armed patrol duty in urban areas. In addition, many of its units have engaged

in cooperative construction and crime-prevention projects in view of their numerous and widely scattered work locations and their long work front. They have also played a positive role in promoting local welfare programs, building key construction projects, doing rescue and relief work, and dealing with emergencies. All these are aimed at contributing to the affluence of the local people and the prosperity of Yunnan. Now, the Yunnan PAP has 267 cooperative projects, of which 101 have been cited as undertakings of civility by the provincial, city, or county governments. Forty-seven units and 80 individuals have been awarded citations by the State Council, the Chinese Youth League Central Committee, or the provincial or city authorities. Since the Yunnan PAP was established, it has offered large amounts of manpower, materials, and financial resources to support local construction. For example, in response to the calls of the local authorities, officers and men of the Chuxiong, Lijiang, and Degen detachments have actively participated in building farmland-irrigation projects. Armed police officers and men have been present at the worksites of the Yuxi He project, the Qujing Xi He water-diversion project, the Daguan He dredging project in Kunming, and the grassland improvement project. When a serious landslide occurred in Zhaotong and an extraordinary mud-rock flow took place at Hutiao Xia in Degen, armed police officers and men were the first ones to rush to the spots to do rescue work. Statistics show that last year alone the Yunnan PAP provided a total of 62,547 man-days [a man-day equals the work done by one man in one day] to assist in local construction projects, including 45 major projects, and the numbers of men sent out for this purpose on various occasions totaled 48,819. In addition, 9,514 men were sent out on 219 occasions to do rescue and relief work. They rescued 59,628 people from danger and transported to safety 1,548 tons of materials, valued at 7.5958 million yuan. All these contributed significantly to local economic construction.

The reform and open drive has brought about a great development of the economy in the frontier province of Yunnan. This has benefited both the local people and the armed police force. To help improve the Yunnan PAP's mobile units, local governments at various levels have allotted large amounts of funds in recent years as subsidies for the armed policemen's daily living expense. They have also appropriated funds for the installation of automatic communication and alarm systems as well as lighting and security equipment at various locations served by the armed police. This has effectively improved the safety factor at these locations, raised the capability of the armed police units, and enabled them to carry out their tasks successfully, including primarily the fulfillment of regular duties and the handling of emergencies.

The armed police should help maintain stability wherever it is stationed. This is a new demand that the armed police has put on itself in carrying out its functions. Now, China's reform and open drive and economic construction have entered a crucial period. Whether we can seize

on the current favorable opportunity to speed up the pace of reform and opening up and put our economic construction in high gear so as to keep up with the new international and domestic developments will directly affect the future and destiny of the party and the state. At this historical juncture when we have too good an opportunity to miss while time waits for nobody, it is imperative to implement unswervingly the party's basic line, accelerate the reform and open drive, concentrate efforts on developing economic construction, and strive to achieve China's strategic goal of three-step modernization. This is a very urgent mission before the whole party, the whole army, and the people around the country. To fulfill its functions successfully as an armed force doing political tasks, the armed police should, of

course, not divorce itself from the above basic mission in the slightest. Domestic stability is an indispensable, vital guarantee for the successful fulfillment of our great goal, and the armed police has a heavy bounden duty in this regard. Officers and men of the Yunnan PAP are determined to undergo training to perfect their military skills, gain work expertise, and further improve their military and political quality so that once an order is received, they can act immediately, and once they act, they will surely succeed. They will also see to it that stability is maintained wherever they are stationed. They will use their concrete action to protect Yunnan's reform and opening-up efforts and make still greater contributions to the local people's affluence as well as the prosperity of this frontier province.

Intensification of Political Indoctrination Opposed
92CM0370A Taipei TZULI WANPAO in Chinese
28 Jun 92 p 3

[Text] In the curriculum research on Sun Yat-sen thought commissioned by the Ministry of Education, some scholars pointed out that "primary school students lack the concept that only with unification will China have a future," and they recommended that the basic concepts of Sun Yat-sen thought be added to the primary and secondary school curriculum. But educational groups and learned societies have severely criticized the Ministry of Education for wanting to add Sun Yat-sen thought, "unification" and other political ideology content to compulsory education.

Ho Te-fen, chairman of the Association for Promoting Reform in Higher Education, said that state control over education is already too severe, and now the Ministry of Education is continuing to go backward, saying nothing about how to successfully educate, but instead thinking about how to control primary school students' thinking and completely disregarding educational concepts and the backlash that will result in the educational community. Chen Hsiu-hui, a member of the advisory committee to the National Institute for Compilation and Translation and director of the Housewives' Coalition, said that everyone is always saying how education should be neutral, and sometimes when teachers talk about the issue of Taiwan nativism, the principal will put a "political" or "Taiwan independence" hat on the teacher; so now the Ministry of Education wants to put Sun Yat-sen thought and the concept of unification into textbooks to inculcate primary and secondary school students, who don't have the ability to make judgments—it's absurd. Chen Hsiu-hui also said that Sun Yat-sen was a revolutionary, not a theorist, and putting Sun Yat-sen thought into mathematics, natural science, athletics and environmental protection would simply contaminate primary and secondary school education.

Taiwan University mathematics professor and Humanist Foundation director Huang Wu-hsiung said that if Sun Yat-sen were still alive, he would also disagree with the Ministry of Education's methods, and that the problem now is not whether or not Sun Yat-sen thought is suitable to teach, but rather that the Kuomintang wants to take this further step of ideological control.

Huang Wu-hsiung said that right now, the people who advocate Taiwan independence or criticize the government, whether they are abroad or in Taiwan, all grew up under Kuomintang education. Similarly, the students in the mainland's "Tiananmen" incident grew up under communist education, and they all ultimately encountered real problems and discovered the real truth, and felt that they had been deceived in the past and they became resentful and proceeded to voice criticisms. These include second-generation mainland people and children of high-ranking officials.

Lin Feng-ching, secretary of the Taiwan Professors' Association and a Taiwan University professor, criticized the Ministry of Education's methods as a "fascist" form of education, and said that the attempt to scatter "Sun Yat-sen thought" throughout the entire educational system was really absurd. Lin Feng-ching said that the Ministry of Education has ignored other, more significant educational ideas, has talked up Sun Yat-sen thought and unification, and has been even more flagrant than before, which will lead to an even greater backlash.

Professor's Educational Theory Under Fire
92CM0370B Taipei TZULI WANPAO in Chinese
3 Jul 92 p 14

[Text] A few days ago, the Ministry of Education's "Planning Committee on Improving Teaching of Sun Yat-sen Thought in the Educational Curriculum" issued a research report that recommended the substance and concepts of "Sun Yat-sen thought" be added to all subjects in primary and secondary school, to establish a "foundation for a complete Sun Yat-sen thought educational system." The ideology of "Sun Yat-sen thought" would even be absorbed into the math curriculum.

The person in charge of this research report was Mr. Li Hsu-wu, a professor at Chengchi University. At the mention of Professor Li Hsu-wu, I cannot help thinking back to events of 19 years ago: In May of that year (1973), I was a sophomore in the education department of Chengchi University, and I published an article called "What's Become of Educating Character?" in DAXUE [UNIVERSITY] magazine, which was headed by Chen Shao-ting. After the article was published, Chengchi University authorities charged me with the major offense of "disrespect toward a teacher," and formally reprimanded me. That disastrous article of mine was more than 10,000 characters long, and the part that got me into trouble was the following brief passage:

"Not only are traditional, rigid examinations currently prevalent in secondary schools, but they are also immovable from institutions of higher education. At present, in many European and American universities, open book exams or oral exams are common, and we are still stuck in the sauce barrel of 'recitation and copying.' Here I have a funny story: During final exams at one public university in Taipei, when the law department was giving an exam on 'international law,' the teacher allowed the students to bring their books, not expecting that the proctor in that exam room (the school's curriculum director, Li xx), was a bulwark of the die-hard faction, and did not allow students to bring their books. He said, 'What sort of exam permits looking through books?' Many students were at a loss as to what to do, but fortunately the teacher of that course showed up, and they were partially rescued."

"Li xx," who I described in the article as part of the "die-hard faction," was Mr. Li Hsu-wu, the person in

charge of the report on putting "Sun Yat-sen thought" into the entire curriculum of public primary schools.

At the time, I was young and impetuous, and I used the adjective "die-hard" as an insult, which indeed I should not have. But today, 19 years later, I see that the teacher I considered "die-hard" back then is still unable to walk out of the dead end of the "unified domain" from the period of political tutelage, and even though I no longer dare use that adjective to insult anyone, I cannot help but ask: "Times are changing, trends are changing. So why, sir, have you not progressed a single bit?"

I say that Mr. Li Hsu-wu has not progressed a single bit based on the following three reasons: 1. He hasn't the slightest understanding of Sun Yat-sen's thought. 2. He hasn't the slightest intuitive grasp of democratic education. 3. He hasn't the slightest understanding of the trends of the times.

The report that Mr. Li Hsu-wu was in charge of said: "The concepts of 'Sun Yat-sen thought' can be brought into the Mandarin, math, natural science, social studies, athletics, and arts and crafts curriculum in public primary schools, as well as the Chinese, math, physics and chemistry, history, geography, civics, scouting, health, crafts, music, art and athletics curriculum in public secondary schools." So what are "the concepts of Sun Yat-sen thought?"

Hasn't the slightest understanding of Sun Yat-sen's thought

In his lifetime, Sun Yat-sen's views and thinking changed in phases and was not consistent from beginning to end, and there were even many contradictions. For example, in 1912 and 1913, he advocated European and American two-party politics, but after 1923, he completely copied the Russian communist model to reorganize the Kuomintang. As a result, regarding political parties, we have no idea which era's concepts so-called "Sun Yat-sen thought" should be based on. Next, take the "Principle of the People's Livelihood." In the few months before his death, Sun Yat-sen personally revised the texts of his speeches, making the "Principle of the People's Livelihood" more left-leaning, and almost merging it with "communism." Take a look at this passage of his: "Why do I dare say that our revolutionary comrades do not yet understand the Principle of the People's Livelihood? It is because during this reorganization of the Kuomintang, many comrades, because they oppose communism, have gone so far as to say that communism and the Three Principles of the People are not the same, that carrying out the Three Principles of the People is enough for China, and that communism must not be tolerated. In that case, what in fact is the Principle of the People's Livelihood? The Principle of the People's Livelihood is communism, it is socialism. So not only can we not say that communism is in conflict with the Principle of the People's Livelihood, but it is actually a good friend." Sun Yat-sen also said: "Communism is the ideal of the Principle of the People's

Livelihood, and the Principle of the People's Livelihood is the carrying out of communism." "Since Kuomintang members have endorsed the Three Principles of the People, they should not oppose communism, because the main objective of the Principle of the People's Livelihood within the Three Principles of the People is everyone being able to produce collectively." If these statements were to be disseminated at a public gathering today, they would immediately violate the clause in the "national security law" on not advocating communism. But in the past 40-odd years, the "Three Principles of the People" and "Sun Yat-sen thought" disseminated by the Kuomintang in Taiwan has been entirely "anti-communist," and has been exactly 180 degrees opposite from the Three Principles of the People that Sun Yat-sen considered good friends with communism before his death. I don't know just what kinds of concepts of "Sun Yat-sen thought" Li Hsu-wu and others want to put into the curriculum of public primary and secondary schools.

In the report by Li Hsu-wu and others, even math courses can incorporate concepts of "Sun Yat-sen thought." For example, they recommend demonstrating the idea of "only with unification will China have a future" in the math curriculum of public primary schools. Putting aside for the moment whether or not political positions can be represented by ethically neutral math, I ask Mr. Li Hsu-wu only about the issue of "unification of China": Can you know what Sun Yat-sen intended in 1900 when he prepared to work on "independence for Kwangtung and Kwanghsi" in cooperation with Viceroy Li Hung-chang? In 1901, Sun Yat-sen also publicly supported a "Kwangtung Independence Association" founded by a group of Kwangtung youths in Tokyo. May I ask, if Sun Yat-sen could work on "independence for Kwangtung and Kwanghsi," why can't we advocate Taiwan independence? On what basis do you believe that the view of "only with unification will China have a future" is "Sun Yat-sen thought?"

Hasn't the slightest intuitive grasp of democratic education

The establishment of a democratic nation is the culmination of the national will, the result of the combined wisdom and effort of everyone, and no individual should be lionized, deified or turned into the "father of the nation." Therefore, even less should one individual's thought and words be regarded as the truth that people must follow unquestioningly and that textbooks should present to youngsters as dogma to be followed as an imperial decree. This brainwashing effort is exactly a modern version of the "dissemination of imperial decrees" and is exactly the mind control that followers of Hitler and Mao Tse-tung used by making education a tool of domination. Moreover, this "Sun Yat-sen thought" has been altered, distorted, twisted and emasculated to the point where even Sun Yat-sen would not recognize it, and it is expounded only to meet the needs of political domination. This sort of ideological brainwashing is not the kind of education that a democratic

nation should have. Mr. Li Hsu-wu of Chengchih University's education department actually doesn't know what a democratic education is, and is still promoting a "national ideology" of a fascist unified domain.

Hasn't the slightest understanding of the times

Chiang's fascist politics is gradually leaving Taiwan, and Taiwan is now facing a new political configuration. Taiwan is also now facing the threat of annexation by the Chinese Communist regime. Pluralization, liberalization, democratization and nativization are the way for Taiwan, and they are the new trends now emerging in

Taiwan. The research report by Mr. Li Hsu-wu and others completely disregards these trends. In this surging current, it is all right if Li Hsu-wu and others cannot keep up with the times, but they instead want to retard the progress of the times!

Faced with this countercurrent, I again cannot hold back that youthful arrogance of 19 years ago, and once more issue a warning: Taiwan's education does not need the ideology of some particular individual (especially if it has been falsely packaged). Taiwan needs to cultivate the concept of a modern nation and establish education with the spirit of Taiwan's self-determination.

Who Has More Influence on New Governor

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[CONTEMPORARY] in Chinese No 15, 15 Jun 92
pp 40-41

[Article by Huang Jian (7806 0256): "Three Types of People May Be Able To Influence New Governor"]

[Excerpt] [passage omitted] According to my analysis of the situation from the accumulation and understanding of relevant aspects of the issue, it appears that there are basically three types of individuals who will be able to influence Hong Kong's new governor Chris Patten:

1) Figures from British official circles, specifically including the British ambassador to China Robin McLaren, the currently serving Hong Kong Political Advisor William Ehrman, and the Sino-British Joint Liaison Group (for example, Group Director Anthony Galsworthy and Deputy Group Director Alan Paul). On the other hand, officials from the British Foreign Ministry currently responsible for Hong Kong affairs (The Hong Kong Department), including the Foreign Ministry's second-ranking official in charge of Hong Kong affairs, Alastair Goodlad, will not have much influence when it comes to future Hong Kong affairs.

Why has the situation described above emerged? To answer this one must turn for a moment to the changes recently in the British team responsible for Hong Kong affairs and for studying Hong Kong issues.

In the past, in the previous era of Lord McLehose, Sir Edward Youde and Lord Wilson, officials in the British Foreign Ministry dealing with the subject of Hong Kong were for the most part "old China hands" or "old Hong Kong hands." Many had graduated from prestigious schools, and had been sent to study in organizations that specialized in studying China issues. They were not simply expert Chinese linguists, but also had a deep understanding of and even a passion for Chinese culture. Therefore, many of the officials at the time sent to Hong Kong to work were very familiar with Chinese and Hong Kong affairs (for example, Youde and Wilson both at one time studied at famous British Eastern and Asian Academy, and Wilson was an outstanding doctoral student). Officials linked with the subject of Hong Kong also had a major effect: Galsworthy, Paul, McLaren, etc., who at one time all worked in the Foreign Ministry on Hong Kong. McLehose, Youde and Wilson, each time they returned to Britain to report, went to the Foreign Ministry to report on the topic of Hong Kong, and hence they made reports to the Foreign Minister.

However, at this late hour, Galsworthy, Paul, et al., have all be moved to other posts, and the level of familiarity with Chinese and Hong Kong affairs of their successors dealing with Hong Kong at the Foreign Ministry is much much less. It has been leaked by relevant figures that at present, there are very few officials dealing with the subject of Hong Kong who understand Mandarin. In addition, the overall tactics of the British are a return to

emphasis on Europe and less emphasis on Asia, and this type of talent are even more lacking. Relevant figures say that in Britain at present, appropriations for those applying to study Asian issues are more difficult to get compared to those for other issues, and this is also reflective of the fact that Britain is emphasizing Europe and placing less importance on Asia.

For this reason, under the above-described circumstances, new governor Patten, neither an "old China hand" nor an "old Hong Kong hand," relies on the first type of people, who inevitably are experienced old hands; and these old hands are also viewed as having considerable stature in the eyes of Foreign Minister Douglas Hurd. Though they also as far as possible avoid direct participation in Hong Kong affairs, they will certainly have some influence on Patten. On the contrary, Hurd also feels that the Foreign Ministry officials currently dealing with Hong Kong lack the weight of the old hands, and from now on when Patten returns to Britain to report, in terms of real function he will still report directly to the Foreign Minister, and this will gradually reduce the role of the Hong Kong Section.

Therefore, those of Hong Kong's political circles, if they want to lobby, should clearly understand what they are facing.

2) Business circle figures, first those with traditional British records of service, and second a number of powerful Chinese businessmen. According to the understanding and analysis of figures in a position to know, when Patten last year went to Hong Kong to raise funds for the British Conservative Party, he made courtesy calls on a number of well-known Chinese businessmen. Afterwards he collected 1,000,000 pounds, and Li Chia-cheng [2621 0857 6134] donated 250,000 pounds, while the remainder was donated by some unrevealed contributors. Though these Chinese sources oppose Beijing, Britain, in the final years and days of course cannot abandon such "big fatcats," and they can also see that these rich and powerful people also have prepared for two eventualities. Therefore, under this uncertain situation, business circles will maintain their special position of the past under the colonial government, and will have a definite effect on Patten's decisions. Of course, the influence of Chinese businessmen will certainly not reach that of traditional British financial groups such as the Hong Kong and Shanghai Banking Corporation.

3) Department level Hong Kong officials, particularly high-level public servants holding British citizenship.

Originally, because the status of politicians changed due to the situation, public servants under the civil service system were comparatively stable, and in comparison with politicians the function of the various departments is clear, British politicians traditionally did not have confidence in public servants. In terms of long-term effect, public servants were in a mode of receiving instructions and executing them, and it was out of the

question to talk about trusting and being trusted. However, precisely because Patten does not figure to have a deep understanding of Hong Kong's internal affairs, and therefore he will be responsible before 1997 for establishing a good post-1997 public service structure, he inevitably must rely on a set of willing and loyal (to Britain) public servants, and Britain also pays much attention to whether or not they will conduct affairs according to British intentions.

Because 1997 is drawing ever nearer, among department level public servants, differences in approach have emerged, some signs of which can gradually be seen. This phenomenon among Chinese high-level civil servants has even become common. Before there was no grasp or understanding that these department level civil servants were willing to be loyal to Britain, but now high-level civil servants holding British citizenship naturally also have become people that Patten considers worth relying on. Among these people, there is no lack of old-style colonial officials, who will be of use to Patten. [passage omitted]

Political Strength of DABHK Assessed

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pp 64-66

[Article by Liu Jui-shao (0491 6904 4801): "How Strong Is the Democratic Alliance for the Betterment of Hong Kong (DABHK)"]

[Excerpt] [passage omitted] This article will try to introduce the real strength of the DABHK based on limited available data.

For background on the establishment of the DABHK one must look at the events of 4 June. At that time, the gunshots that rang out on 4 June constituted a blow against the internal leftist groups of Hong Kong, and at a certain level, it can be said that it was much greater for this group in comparison with other levels of Hong Kong society. This is primarily because Hong Kong's leftist camp had formerly been consistently inward looking, and regardless of whether one was talking about their cordiality and interests with regard to getting involved in Chinese affairs, the degree of their closeness to Beijing was quite marked in comparison with the outside world. The results of the aftermath of 4 June influenced the opinions and inclination of people at various levels in the society. The complex nature of the choice facing them also was great in comparison to those Hong Kong citizens normally viewed as "outward looking."

In the aftermath of 4 June it could be seen that the in the post-Tiananmen leftist camp, there were those who were disheartened, and resolutely departed; some were hindered by internal pressure within the leftist groups, and submitted to humiliation; some seized the opportunity to secure personal gain, waiting for a chance to climb the ladder, moving to obtain benefits; there were also some who were undecided, and believed that 4 June was a

general exposition of the many problems facing China. They felt that even though 4 June had occurred, the momentum of China's reform and opening had already changed, and China should walk a new road based on the bitter lessons of 4 June. Hence in this failure to be reconciled with why China had fallen behind in this way, and failure to be reconciled with why Hong Kong's leftist groups put out the same old impression of pedantry, backwardness, ineffectiveness, and foolish loyalty, a group of persons with high aspirations and ideals within the leftist groups, not long after 4 June sat down together and discussed the question of how Hong Kong's leftist groups should proceed. How should the new environment be faced? They started from this time on to already feel they should have some function, and would continue to try and find new approaches.

After last year's direct elections for the Legislative Council [Legco], all the candidates whom Beijing supported and had a background closely associated with Beijing lost. At the time XINHUA's internal "1991 elections small group" put out a brief summary: The reason for the defeats was that the above-described candidates did not have a sufficiently clearcut stand, therefore it was difficult for them to arouse the support of the people. However, this interpretation has not obtained wide agreement, and within the leftist groups when it comes to an analysis of the election losses many differing views have emerged. Among the varying opinions, there is one theme that is somewhat consistent. This is the belief that the reason for the losses was a lack of organization, and a mechanism for promotion. Therefore the United Democrats were able to succeed, and in addition to other objective factors, this was also due to the fact that their forces were able to coalesce, and gain some momentum.

Afterwards, regardless of whether it took hold in Hong Kong leftist groups at the grassroots level, there were those figures willing to propagate the above-described viewpoint, as were those at high levels in Beijing, who all gradually became consistent, and it could be said that everybody "became of like mind" on the subject. Last year between October and November, there were often opportunities for contact between Beijing and some high level leftist figures of the Hong Kong Branch of XINHUA, and the idea of organizing a political entity was informally proposed. At the time the response of people at the level of Lu Ping made the principle proponents feel positive. Therefore, the earliest preparatory work for the "DABHK" started to solidify. Of course, the Hong Kong branch of XINHUA also understands the overall process, and frequently obtains unofficial notification. One week before the DABHK publicly announced its preparation, they also officially notified XINHUA.

After the passage of the period of deliberation, the DABHK found more than 50 people to act as sponsors, among them 18 names which were "exposed" on the day preparations were announced. Respecting the wishes of the other figures, this publication does not intend to publish the names of the others before they officially

announce the establishment of the organization. This is explained mainly due to the fact that there are some individual sponsors who may not become founding members at the time of the official establishment, though there are not many who are in this situation.

Under these circumstances, this publication for the moment wants to introduce these more than 50 sponsors in terms of their backgrounds. Among these more than 50 sponsors, the greatest proportion are from educational circles, approximately 10 persons, including the already exposed Tseng Yu-cheng [2582 6877 2052], Cheng Chieh-nan [4453 0094 0589], He Ching-an [0149 2529 1344] and Ye Kuo-chien [0673 0948 6197]; in second place are individuals from legal circles, making up six or seven persons, including the already exposed Liang Ai-shi [2733 1947 6108] and Tsou Tsan-Chi [6760 3503 1015]; next comes banking circle figures, amounting to four or five people, including the already exposed Huang Chian-yuan [7806 1696 3293] and Yan Chin-chuan [7346 6930 0356]; next are trade union representatives, amounting to four people, including the already exposed Tan Yao-tsung [6223 5069 1350], Chen Wan-hsian [7109 1238 8300] and Wang Kuo-hsing [3769 0948 5281]. The remaining circles and professions are widely scattered, including figures from business circles, tourism, the medical profession, trade circles and engineers. Four large Chinese-supported organizations including the China Travel Service, the Business Admissions Office (Zhaoshangju), and the Huarun Group also had one member among the sponsors.

If sponsors are categorized by work background, approximately half are from Chinese-supported organizations and half from non-Chinese supported organizations, reflecting the fact that the DABHK also as much as possible is developing an outward looking nature, taking advantage of this first to reduce their pro-Beijing coloring, and second to also attract effective strength outside of traditional leftist circles.

Among the group of over 50 sponsors, there are representatives of the National People's Congress and local People's Congresses. Nevertheless, the major characteristic among these sponsors may be that middle-aged and young people and middle-class professional figures constitute the majority, giving the impression that the group differs from traditional leftist groups.

Now, with the planning committee of the DABHK pursuing outside activities, what about its temporary structure?

Some believe that in the planning process, the 18 sponsors already exposed naturally constitute the core of the organization. But Tseng Yu-cheng, Tan Yao-tsung, Cheng Chieh-nan, and Chen Wan-hsian also constitute the "core of the core." Its function is primarily to work out responses to the various social issues that continually arise. Because their exposure level is comparatively high,

on various social conditions they also have a comparatively thorough follow-up, and therefore also naturally take on the responsibilities for handling reporters and foreign consultants.

In addition, under the Planning Committee, a number of other committees have been temporarily formed, including: the Organizational Development Committee, led by Ye Kuo-chien. This committee's primary responsibility is to recruit members, and handle internal organizational development.

The Policy Committee is led by Tan Yao-tsung. The primary responsibility of this committee is the organization of manpower to study various social policies, including Sino-Hong Kong relations, and thereby put forward opinions and responses to events unfolding in society. This committee is likely in the days ahead to be the DABHK's most active, and hence it also has the greatest number of people; the others are divided into a number of small groups, and it seems that it may be said that they have been set up in parallel with Legco-subordinate policy small groups, including public security, housing, education, labor, communications, and even ones for separate cases such as the new airport issue, which are followed and discussed by these groups. The DABHK at one point announced that they would invite at least 10 well-known scholars to be specially responsible for studying a number of policies on a variety of issue, which will obviously contribute to the policy committee's significance.

The Dissemination and Publicity Committee is led by Cheng Chieh-nan. This committee, in addition to normal dissemination and publicity work, will also organize writers teams to express their opinions or write articles on a variety of topics. This committee will cooperate closely with the Policy Committee.

The Finance Committee is led by Huang Chian-yuan. The primary work of this committee is divided into two parts: One is raising funds, including establishing the timely collection of funds and in the coming days to raise money when necessary. The second is the management of finances within the organization.

In addition, it also has a secretariat and a research data department.

After the completion of the preparatory work, and the official announcement of the establishment of the DABHK, the planning committee will be dissolved. Then the convener will chose one temporary executive committee to promote the various types of work, until the first plenary session is held.

The DABHK has three primary sources of funds: The first is Chinese-supported organizations, the second is member contributions, and the third is financial assistance from outside figures (primarily business circles). Nevertheless, until now, the greatest funding has come from Chinese-supported organizations. Huang Chian-yuan, who is responsible for collecting funds, is an

administrator of the Zhejiang General Bank, and looking at his sphere of contact and opportunities for success, the Chinese supported organizations will be a comparatively easy channel for obtaining financial assistance for the DABHK. This is perhaps the reason that the present funds of the DABHK are primarily from the Chinese supported organizations.

Nevertheless, the DABHK states that in the process of collecting funds, it will also contact a variety of people, and in practice will not stick to one pattern. For example, when it contacts business circles to raise money, it will also not only contact businessmen with close ties to mainland businesses, but will also contact figures from other business circles.

In addition, it is reported that the DABHK has also encountered some "self motivated flying grasshoppers," who to a very large degree express goodwill. This may also be a reflection that among some figures, the DABHK is also viewed as having some resources. If

these "flying grasshoppers" do not have any strings attached, the DABHK has stated that it is also willing to accept them.

When it comes to contributions from society, these are for the time being not within DABHK planning. Nevertheless, even though the DABHK will in the future raise money at the grassroots level of society, the function of this activity will be one of publicity and dissemination more than really raising money.

The DABHK publicly stated that at present it has no fund raising goal, but it may be said that there is no need to worry over the DABHK's funding resources. At present they are renting in the Wanchai Chinese Overseas Hall at market prices one building with an area of over 3,000 square feet, and they have already engaged more than 10 working members. A general secretary and three managers are full time staff and draw market wages. Simply looking at the allocation of manpower and resources, the economic strength of the DABHK may be said to be no problem. [passage omitted]

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